

COUNTY OF LAKE

State of California

Comprehensive Annual Financial Report
Fiscal Year Ended
June 30, 2016



Cathy Saderlund
Auditor-Controller

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COUNTY OF LAKE, CALIFORNIA
Comprehensive Annual Financial Report

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COUNTY OF LAKE

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Cathy Saderlund
Auditor-Controller/County Clerk

Carol J. Huchingson
County Administrative Officer

February 23, 2017

The Honorable Board of Supervisors
County of Lake
255 N. Forbes Street
Lakeport, CA 95453

To the Board of Supervisors and Citizens of Lake County

It is our pleasure to present the County of Lake Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This report is submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California.

Responsibility for the accuracy of data, and the completeness and fairness of the presentation rests with management. To the best of our knowledge and belief, the data presented are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the County of Lake.

Independent auditor Gallina, LLP Certified Public Accountants, has issued an unqualified ("clean") opinion on the County of Lake's financial statements for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) provides a narrative introduction, overview and analysis of the financial statements. It is located immediately following the independent auditor's report and serves to complement this letter of transmittal.

Profile of the Government

Established in 1861, Lake County is a general law county governed by a five-member Board of Supervisors. The County encompasses 1320 square miles and is divided into five supervisorial districts. Policy making and legislative authority rests with the five-member County Board of Supervisors who serve four-year staggered terms. The Board of Supervisors uses the appointed County Administrative Officer organizational structure to carry out policies set forth by County Ordinance and Resolution. Other elected officials of the County of Lake are the Assessor-Recorder, District Attorney, Auditor-Controller/County Clerk, Sheriff-Coroner and Treasurer-Tax Collector. The voters of Lake County choose these public officials for four-year terms. Additional management consists of sixteen department heads appointed by the Board of Supervisors, one appointed by the University of California, and one appointed by the Lake County Superior Court Judges.

California counties are a political subdivision of the State of California and serve the needs of residents within the boundaries of each individual county. Lake County serves the needs of local residents by providing public safety, highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services. The County also acts as an administrative agent for state and federal government programs and services.

The County is required by state law to adopt a final budget each year. This annual budget serves as the foundation for the County's financial planning and control. Budgets are adopted for all governmental and

proprietary funds and are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The legal level of budgetary control is maintained at the fund, department, and object level with more stringent control over capital assets, and fund balance categories, which are maintained at the line item level. The Board must approve amendments or transfers of appropriations between funds or departments as well as items related to capital assets or fund balances. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the Board. The Board has delegated authority to approve transfers of appropriations between object levels within the same department to the County Administrative Officer.

Policy and Executive

Jim Comstock
Supervisor, District 1

Jeffrey Smith
Supervisor, District 2

Jim Steele
Supervisor, District 3

Anthony Farrington
Supervisor, District 4

Rob Brown
Supervisor, District 5

Carol Huchingson
County Administrative Officer

Anita Grant
County Counsel

Law Enforcement/Public Safety

Brian Martin
Sheriff-Coroner

Don Anderson
District Attorney

Bill Davidson
Animal Control Director

Rob Howe
Probation Officer

Health and Public Assistance

Jim Brown
Health Services Director/VSO

Doug Gearhart
Air Pollution Control Officer

Gail Woodworth
Director of Child Support Services

Kevin Thompson (interim)
Behavioral Health Director

Kathy Maes (interim)
Social Services Director

Community Resources and Facilities

Steve Hajik
Agricultural Commissioner

Christopher Veach
Librarian

Lars Ewing
Public Services Director

Mark Dellinger
Special Districts Administrator

Greg Giusti
UC Coop/Farm Advisor

Robert Massarelli
Community Development Director

Scott DeLeon
Public Works Director/DWR

General Government and Support Services

Richard Ford
Assessor-Recorder

Barbara Ringen
Treasurer-Tax Collector

Cathy Saderlund
Auditor-Controller/County Clerk

Kathy Ferguson
Human Resources Director

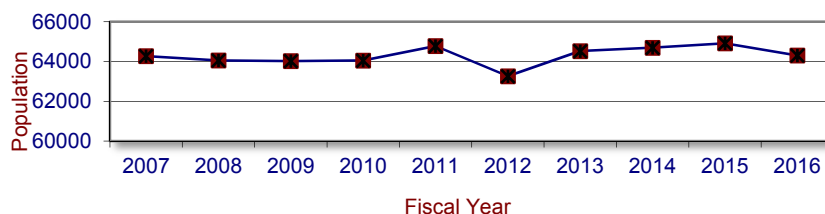
Diane Fridley
Registrar of Voters

Shane French
Information Technology Director

County Geography and Demographics

Lake County is located a 2 hour drive time from the San Francisco Bay area and the Sacramento metropolitan area. It is approximately 127 road miles north of San Francisco, 126 road miles west of Sacramento, and 80 road miles east of the Pacific Coast. Lake County is bordered by the counties of Napa, Sonoma, Mendocino, Glenn, Colusa and Yolo and covers an area of approximately 803,840 acres.

COUNTY POPULATION LAST TEN FISCAL YEARS



The State Department of Finance estimated Lake County's population as of January 1, 2016, to be 64,306. The population for the two cities in Lake County, Clearlake and Lakeport as of January 1, 2016, was estimated to be 15,468 and 4,765 respectively.

Economic Condition and Outlook

During fiscal year 2015/2016, Lake County's economic condition and outlook was dramatically impacted by ravaging wildfires, starting with the Rocky Fire in July 2015. This state and local disaster exceeded and overwhelmed local resources requiring assistance under the California Disaster Assistance Act (CDAA). Approximately 96 structures were lost in the Rocky Fire, 43 of which were residential. Not long after the Rocky Fire came the Jerusalem Fire necessitating further assistance under CDAA. An additional 27 structures were lost in the Jerusalem Fire, of which 6 were residences. On September 12, 2015, the Valley Fire struck, far surpassing the magnitude of the earlier fires. The Valley Fire destroyed 1,280 homes and was declared a federal disaster.

On August 13, 2016, the Clayton Fire ignited just south of the community of Lower Lake destroying at least 300 structures, 190 of which are single family residences. The impact of the Clayton Fire will be discussed more in-depth in next year's report. However, brief reference to it is included herein to note that all total, during the 13 month period culminating in August 2016, a staggering 22% of Lake County's total land mass has been incinerated by these 4 massive wildfires.

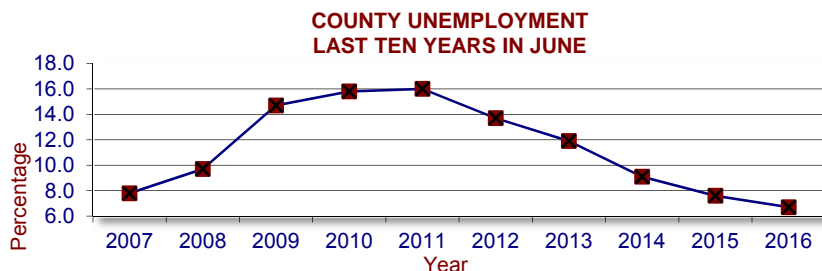
Since the Rocky, Jerusalem and Valley Fires, staff has been actively focused on extensive recovery efforts and on navigating the complex world of disaster finance while struggling to preserve the financial well-being of local government. The disasters have severely impacted Lake County's budgets for at least the next few years while recovery is ongoing:

Economic impacts of the Rocky, Jerusalem and Valley Fires include, but are not limited to:

- **Property Tax Loss:** Tax rolls now demonstrate that the total actual loss of property tax from the three major wildfires of 2015 will exceed \$2,000,000 inclusive of all entities reliant on property tax. Going forward, this loss will be substantially offset by the rebuilding of properties lost in the fire as well as increases in the roll value of those properties not impacted by the fire.
- **Geothermal Royalties:** Lake County's geothermal royalty revenues have been significantly impacted with two cooling towers destroyed in the Valley Fire. Only one of the destroyed plants has come back online. Total losses for 2015/2016 are estimated at \$300,000 and will continue in future years as well.
- **Transient Occupancy Tax (TOT):** Much of Lake County's economy is tied to the tourist industry. The widespread negative publicity the County has received about the wildfires and the damage done to much of the County's landscape and infrastructure is detrimental to our ongoing efforts to attract tourists. The loss of TOT, estimated at \$120,000 per year, will continue for at least two years.

Until recently, construction permits had also been a decreasing revenue source, declining by about 30% annually each year from fiscal year 2006/2007 to 2009/2010 and an additional 9% in fiscal year 2010/2011. This revenue began increasing modestly in fiscal year 2011/2012 and continued a steady increase totaling 42% through fiscal year 2014/2015. In fiscal year 2015/2016, construction activity increased substantially due to fire recovery and rebuilding efforts resulting in a 63% increase in permit revenue.

Notwithstanding the economic impact of the wildfire disasters, County staff is cautiously optimistic that the real estate market in Lake County will continue to see an upward trend in the coming years. One additional sign of a recovering economy in Lake County is that after declining for several years following the recession, sales taxes began increasing in fiscal year 2011/2012 reaching 95% of the amount received in fiscal year 2008/2009, and now have stabilized at pre-recession levels.



As of June 2016, the County's unemployment rate was 6.7% and Lake County was ranked number 34 out of 58 counties. The statewide average at that same time was 5.7%. The County unemployment rate during June of the previous year was 7.6%, an indicator of an improving unemployment rate in the County, yet still below the statewide average.

County Budget Overview

Even in the wake of disaster, the County's fiscal year 2015/2016 budget is responsible and sustainable, focusing on maintenance of fiscal solvency both short and long-term. The budget strives to minimize negative impacts on service levels and where possible, improves services. The General Fund portion of the budget required the use of one-time funds, in order to be balanced. To do otherwise would have necessitated deep layoffs, rendering County departments unable to maintain basic service levels and preventing other impacted departments from providing essential services related to disaster recovery. Without disaster recovery and rebuilding, property tax revenues will never be restored.

County staff is committed to very conservative budgets for the next few years while we incrementally reduce our reliance on one-time funds to balance the budget. To fill this gap during these lean years, Fund 156 (formerly known as, "Economic Stabilization Reserve") has been renamed, "Budget Stabilization Reserve" and increased, using fund balance carryover from prior year. This fund will be used to reduce reliance on one-time funds and per our estimates, restore a structurally balanced budget within three years. Despite the use of one-time funds to balance the General Fund budget as noted above, "General Reserves" totaled \$7,000,000 at the end of fiscal year 2015/2016 which represents 14.4% of total General Fund expenditures.

County department heads, both elected and appointed, work cooperatively and successfully with the County Administrative Officer and Board of Supervisors on budget and fiscal matters. County leaders are continually seeking opportunities for improving efficiencies within our organization.

Major Accomplishments and Goals

During the fiscal year ending June 30, 2016, County departments accomplished many objectives and continued progress in many areas while successfully performing their day-to-day responsibilities and duties. Examples include the following:

- Completed renovations of the Gard Street School to use as offices for the Child Support Services Department.
- Completed park projects throughout the County, including the Middletown Square Plaza, Hammond Park and Kelseyville Skate Park
- Closed the Juvenile Home, entering into a contract with Mendocino County to house juvenile detainees from Lake County
- Completed the power upgrade to the County's primary communications site providing sufficient power for existing tenants to operate without generators and opportunities to attract new tenants.

Future goals for fiscal year 2016/2017 include:

- Adopt an updated Zoning Ordinance.
- Sell the Holiday Harbor property.
- Complete the Clearlake Oaks sidewalk project improving pedestrian safety, especially that of school children
- Begin the planning phase for modifications to the jail's central control facility.
- Place earthquake insurance on selected county facilities.
- Continue road and bridge reconstruction in the fire areas.
- Begin the planning phase for consolidation of water systems impacted by the fires.

Financial Information and Condition

The management of the County of Lake is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal control structure is designed to provide reasonable, but not absolute, assurance these objectives are met. The concept of reasonable assurance recognizes that the cost of

a control should not exceed the benefits likely to be derived. This evaluation of cost to benefit requires estimates and judgments by management.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments*. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in the single audit report, which is issued as a separate document.

The accounting methods and procedures adopted by the County of Lake conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14.

The County maintains budgetary controls to ensure compliance with the legal provisions contained in the annual appropriated budget approved by the County Board of Supervisors under the provision of Sections 29080-29093 of the Government Code. Those provisions set timelines and requirements for establishing a county budget each fiscal year. The County of Lake Board of Supervisors, in conjunction with the Auditor-Controller, efficiently and responsibly adheres to those provisions.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the government's operations. Blended component units are an extension of the County and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. Each component unit has a June 30th year-end.

Blended Component Units

Entities included in the County's reporting entity as component units because of their operational and financial relationship with the County and because the Lake County Board of Supervisors also serves as their governing board are the Air Quality District, the Watershed Protection District, the County Service Areas, the Lighting Districts, the Sanitation Districts, the Lake County Housing Commission, the Lake County Redevelopment Agency Successor Agency, and the Lake County Public Financing Authority.

Discretely Presented Component Units

The County of Lake has no component units which meet the criteria for discrete presentation.

Cash Management

The County's investment policy is to minimize credit and market risks while maintaining liquidity and a competitive yield on its portfolio. Cash is pooled for the purpose of increasing interest through investment activities. The County's Treasury Oversight Committee was disbanded by the Board of Supervisor's in 2010 in favor of an Annual Treasury Meeting held each February. The Annual Treasury Meeting, external audits and quarterly reports to the Board of Supervisor's, Auditor-Controller and Administrative Officer exist to provide a level of assurance over the investment activities of the County Treasury.

Debt Administration

The County has \$24,077,149 of direct debt outstanding as of June 30, 2016. This includes general obligation and special assessment bonds with County commitment, revenue bonds, loans, certificates of participation, closure/post closure liability, and compensated absences. Activities related to existing long-term debt can be found in the Notes to the Basic Financial Statements, Note 4.

Risk Management

The County has a Risk Management program operated through the County Counsel's Office that handles administration of its Risk Management Funds (Internal Service Funds). These funds are retained to finance insured and uninsured risks of loss. The County's uninsured risk of loss for public liability claims is \$10,000 per occurrence; the County is fully insured for workers' compensation losses; and the County is fully self-insured for all unemployment claims. The County is a member of the County Supervisors Association of California Excess

within the County participate in the program and make payments to the Risk Management Fund based on actuarial estimates of prior and current claims with an allowance for establishing reserves.

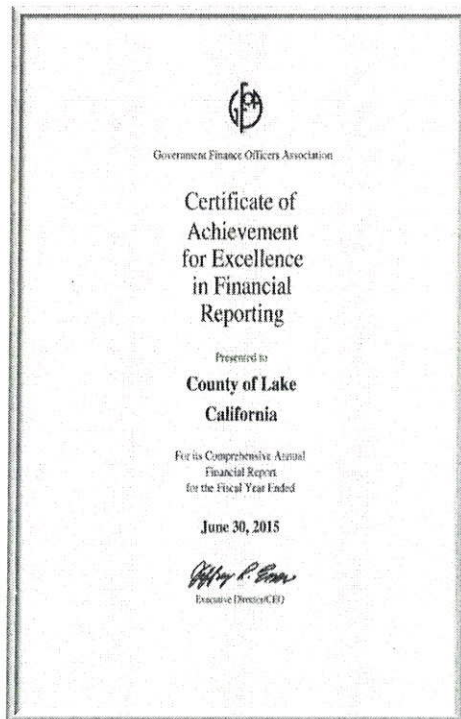
Other Information

California Government Code requires an annual audit of the books of accounts, financial records, and transactions of all offices of the County by independent certified public accountants. The County Audit Committee selected Gallina, LLP, Certified Public Accountants to perform this requirement for fiscal year ending June 30, 2016. The audit was designed to meet the requirements of the Single Audit Act and related U.S. Office of Management and Budget's Circular A-133, in addition to requirements set forth by state statutes. The independent auditor's report on the general purpose financial statements and individual fund statements and schedules is included in the financial section of this report. The supplementary auditor report of internal control and compliance with applicable laws and regulations is issued separately.

As required of a government of our size, this report has been prepared in conformity with Governmental Accounting Standards Board Statement 34. As mentioned previously, this letter of transmittal should be used as a supplement to the Management Discussion and Analysis (MD&A) which can be found preceding the basic financial statements contained within.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lake County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This is the twelfth year the County has received this recognition. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.



The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of Comprehensive Annual Financial Statements is possible only through the effort and determination of those involved in the preparation. The staff in the Auditor-Controller's Office, with the support of the County Administrative Office was dedicated to completing this document efficiently and with the highest standard of excellence and transparency. We would like to also thank those departments involved in the preparation of this document, as well as our external auditors, Gallina LLP for their assistance in helping us to produce a quality document.

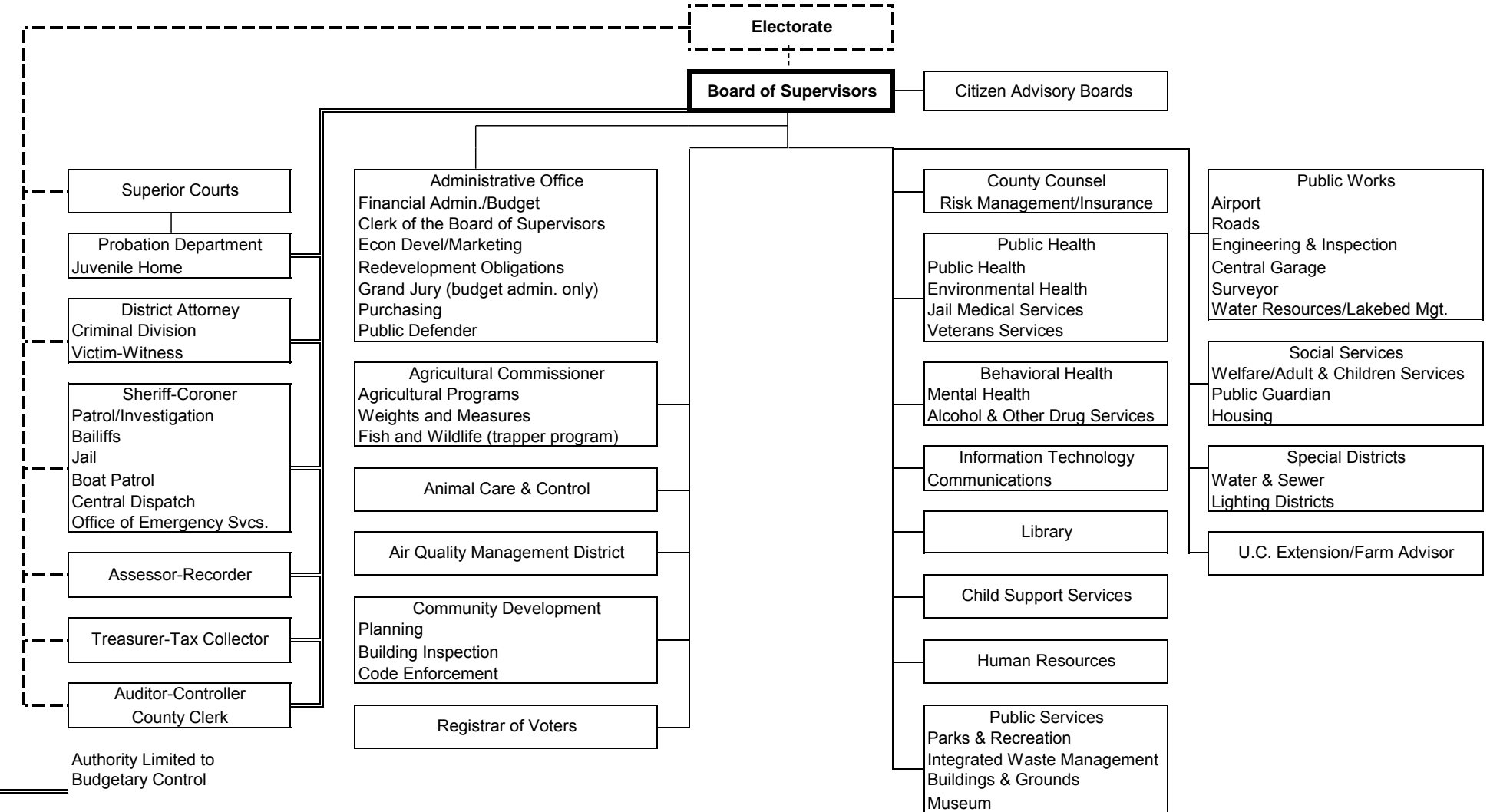
As always, we applaud the County Board of Supervisors for their continued efforts to maintain the fiscal health of Lake County, while striving to address the issues important to the citizens of Lake County.

Respectfully submitted,


Cathy Saderlund
Auditor-Controller


Carol J. Huchingson
County Administrative Officer

COUNTY OF LAKE
ORGANIZATIONAL CHART
 As of June 30, 2016



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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors and Grand Jury
County of Lake
Lakeport, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Lake, California, (the County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of change in the net pension liability and related ratios and schedule of contributions, schedule of funding progress – other post-employment benefits, and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Lake's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Roseville, California
February 23, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

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County of Lake

Management's Discussion and Analysis

As management of the County of Lake, California, (County) we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information in our financial statements.

Financial Highlights

New Significant Accounting Standards Implemented

In fiscal year 2015-16, the County adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) that relate to fair value measurement and pension activity:

- Statement No. 72, "*Fair Value Measurement and Application*" and

Statement No. 72 establishes general principles for measuring fair value, and provides additional fair value guidance for enhancing disclosures.

Government Wide

The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows at the close of fiscal year June 30, 2016 by \$192,359,252 (*total net position*):

- \$153,416,177 is net investment in capital assets.
- \$ 60,240,953 is restricted for specific purposes (*restricted*)
- -\$21,297,878 deficit in unrestricted is the result of the County's reporting of unfunded pension liability as required by GASB.

The County's total net position increased by \$15,983,129:

- This total net position increase is primarily comprised of an \$8,915,616 increase in unrestricted as a result of significant increases in program revenues, \$293,373 increase in restricted and a \$6,774,140 increase in capital assets net of related debt.
- Revenues exceeded Expenses by \$15,983,129.

As of June 30, 2016, the County's governmental funds reported combined fund balances of \$91,963,922, a decrease of \$745,201. Approximately 25% of the combined fund balances, \$23,231,609, is available to meet the County's current and future needs (committed, assigned, and unassigned)

- At the end of the current fiscal year, the assigned/unassigned fund balance for the general fund was \$18,769,358, or 39% of total general fund expenditures. \$9,961,858 has been assigned for specific purposes per the County Board of Supervisors and is intended for those purposes only.

Overview of the Financial Statements

Management's Discussion and Analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period (e.g. long-term notes loans and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include the General Fund, Disaster Response and Recovery, Road, Airport, Community Development, Fish and Game, Housing and CDBG Programs, Criminal Justice and Sheriff Programs, Animal Control, Behavioral Health, Health Programs, Park Programs, and Social Services. The business-type activities of the County are Solid Waste Management.

Component units are included in the basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same governing board as the County. Component units for the County include the Air Quality District, the Lake County Housing Commission, the Watershed Protection Districts, the County Service Areas, the Lighting Districts, Lake County Redevelopment Successor Agency, and the Sanitation Districts. A separate financial statement is prepared for the Lake County Housing Authority and the financial statements of which can be obtained by writing to the Auditor-Controller's Office, 255 North Forbes Street, Lakeport, CA 95453.

The government-wide financial statements can be found on pages 11 – 13 of this report.

Fund financial statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide financial statement in order to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains governmental funds organized according to their type—special revenue, debt service and capital projects. The County segregates from the General Fund a number of significant functions in major funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Housing Programs, Mental Health Programs, Social Services and County Redevelopment Agency, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non major governmental funds is provided in the form of *combining statements* located in the *Combining and Individual Fund Statements and Schedules* section of this report.

The County adopts an annual appropriated budget for all of its operating funds. A budgetary comparison schedule has been provided for the General Fund and major special revenue funds to demonstrate performance against this budget.

The governmental funds financial statements can be found on pages 14 – 19 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses an enterprise fund to account for Solid Waste Management. *Internal service* funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for Unemployment Insurance, Public Liability Insurance, Workers' Compensation Insurance, Employee Health/Wellness, Heavy Equipment Rental, Fleet Maintenance, and Central Garage. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Solid Waste Management, which is considered to be a major fund of the County. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non major internal service funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary funds financial statements can be found on pages 20 – 23 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary funds financial statements can be found on pages 24 – 25 of this report.

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 26 – 61 of this report.

Required Supplementary Information. The Required Supplementary Information follows the Notes to the basic financial statements and contains budgetary comparison schedules for the General Fund by function along with major special revenue funds. Further information relative to this information is contained in the notes to required supplementary information.

The required supplementary information can be found on pages 62 – 72 of this report.

Supplementary Section. The Supplementary section contains the combining and individual fund statements and schedules for all non major funds.

The supplementary section can be found on pages 73 – 139 of this report.

Statistical Section. The Statistical section contains statistical information as required of GASB Statement No. 44, Economic Condition Reporting. The focus of the Statistical section is the primary government.

The statistical section can be found on pages 140 – 170 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$192,359,252 the close of the most recent fiscal year.

County of Lake Summary of Net Position as of June 30								
	Governmental Activities		Business-Type Activities		Total		Total	
	2015	2016	2015	2016	2015	2016	Dollar Change	Percent Change
Assets:								
Current and other assets	\$ 109,510,902	\$ 112,455,722	\$ 7,742,440	\$ 21,213,838	\$ 117,253,342	\$ 133,669,560	\$ 16,416,218	14%
Capital assets	156,230,303	160,758,516	5,476,880	6,052,327	161,707,183	166,810,843	5,103,660	3%
Total assets	265,741,205	273,214,238	13,219,320	27,266,165	278,960,525	300,480,403	21,519,878	8%
Deferred outflows of resources:								
Deferred pensions	6,894,371	6,410,577	94,666	90,970	6,989,037	6,501,547	(487,490)	100%
Liabilities:								
Current and other liabilities	13,423,040	14,917,621	138,641	193,961	13,561,681	15,111,582	1,549,901	11%
Long-term liabilities	73,766,838	78,818,895	6,580,315	14,020,517	80,347,153	92,839,412	12,492,259	16%
Total liabilities	87,189,878	93,736,516	6,718,956	14,214,478	93,908,834	107,950,994	14,042,160	15%
Deferred inflows of resources:								
Deferred pensions	15,452,429	6,601,616	212,176	70,088	15,664,605	6,671,704	(8,992,901)	100%
Net Position:								
Net investment in capital assets	141,165,157	147,363,850	5,476,880	6,052,327	146,642,037	153,416,177	6,774,140	5%
Restricted	59,947,580	60,240,953	-	-	59,947,580	60,240,953	293,373	0%
Unrestricted	(31,119,468)	(28,318,120)	905,974	7,020,242	(30,213,494)	(21,297,878)	8,915,616	-30%
Total net position	\$ 169,993,269	\$ 179,286,683	\$ 6,382,854	\$ 13,072,569	\$ 176,376,123	\$ 192,359,252	\$ 15,983,129	9%

Analysis of Net Position

The largest portion of the County's net position \$153,416,177 or 80%, is its investment in capital assets (e.g. land, building, improvements, equipment, park facilities and infrastructure—roads, bridges, water and sewer systems), which is shown less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens. These assets are *not* available for future spending.

Restricted net position of \$60,240,953 represents resources that are subject to external restrictions on how they may be used by enabling legislation. The remaining – deficit of \$21,297,878, unrestricted net position, is a decrease in the deficit of 30% from the prior year and is the result of the County's reporting of unfunded pension liability as required by GASB. The majority of the positive unrestricted net position resides in the County's General Fund and the negative unrestricted net position is the result of the County's unfunded pension and OPEB obligations.

At the conclusion of the fiscal year June 30, 2016 the County is able to report positive balances in investment in capital assets and restricted, while unrestricted remained negative due to the County's unfunded pension and OPEB obligations. Total net position remained positive, for the government as a whole.

County of Lake Changes in Net Position as of June 30								
	Governmental Activities		Business-Type Activities		Total		Total	
	2015	2016	2015	2016	2015	2016	Dollar Change	Percent Change
Revenues								
Program Revenues:								
Charges for Services	\$ 27,396,165	\$ 29,993,301	\$ 2,851,946	\$ 16,870,395	\$ 30,248,111	\$ 46,863,696	\$ 16,615,585	55%
Operating grants and contributions	79,675,548	89,602,737	79,082	52,208	79,754,630	89,654,945	9,900,315	12%
Capital grants and contributions	2,117,077	4,303,438	-	-	2,117,077	4,303,438	2,186,361	103%
Total program revenues	109,188,790	123,899,476	2,931,028	16,922,603	112,119,818	140,822,079		
General Revenues:								
Property taxes	25,897,761	26,814,811	-	-	25,897,761	26,814,811	917,050	4%
Sales and use taxes	2,658,395	2,606,804	-	-	2,658,395	2,606,804	(51,591)	-2%
Transient occupancy taxes	592,113	713,172	-	-	592,113	713,172	121,059	20%
Property transfer taxes	289,069	378,031	-	-	289,069	378,031	88,962	31%
Franchise taxes	658,846	670,775	-	-	658,846	670,775	11,929	2%
Aircraft taxes	15,431	12,811	-	-	15,431	12,811	(2,620)	-17%
Timber yield taxes	3,598	12,995	-	-	3,598	12,995	9,397	261%
Interest and investment earnings	723,283	829,984	32,489	68,971	755,772	898,955	143,183	19%
Miscellaneous	14,672	2,445,487	1,141	200	15,813	2,445,687	2,429,874	15366%
Total general revenues	30,853,168	34,484,870	33,630	69,171	30,886,798	34,554,041		
Total revenues	140,041,958	158,384,346	2,964,658	16,991,774	143,006,616	175,376,120	32,369,504	23%
Expenses								
General government	10,799,649	11,857,357	-	-	10,799,649	11,857,357	1,057,708	10%
Public protection	37,276,431	48,942,512	-	-	37,276,431	48,942,512	11,666,081	31%
Public ways and facilities	13,601,346	15,245,885	-	-	13,601,346	15,245,885	1,644,539	12%
Health and sanitation	25,795,685	26,374,767	-	-	25,795,685	26,374,767	579,082	2%
Public assistance	40,500,099	43,073,851	-	-	40,500,099	43,073,851	2,573,752	6%
Education	1,206,245	1,219,463	-	-	1,206,245	1,219,463	13,218	1%
Culture and recreation	1,783,520	1,818,386	-	-	1,783,520	1,818,386	34,866	2%
Solid Waste Management	-	-	2,540,963	10,302,059	2,540,963	10,302,059	7,761,096	305%
Interest on long-term debt	580,154	558,711	-	-	580,154	558,711	(21,443)	-4%
Total expenses	131,543,129	149,090,932	2,540,963	10,302,059	134,084,092	159,392,991	25,308,899	19%
Change in net position before extraordinary item	8,498,829	9,293,414	423,695	6,689,715	8,922,524	15,983,129	7,060,605	79%
Extraordinary item								
Change in net position	8,498,829	9,293,414	423,695	6,689,715	8,922,524	15,983,129	7,060,605	
Net position - July 1	220,555,565	169,993,269	6,770,121	6,382,854	227,325,686	176,376,123	(50,949,563)	-22%
Prior period adjustment	(59,061,125)	-	(810,962)	-	(59,872,087)	-	59,872,087	0%
Net position - July 1, restated	161,494,440	169,993,269	5,959,159	6,382,854	167,453,599	176,376,123	8,922,524	(0)
Net position - June 30	\$ 169,993,269	\$ 179,286,683	\$ 6,382,854	\$ 13,072,569	\$ 176,376,123	\$ 192,359,252	\$ 15,983,129	9%

As listed in Financial Highlights, the County's net position increased by \$15,983,129 during the June 30, 2016 fiscal year, as a result of increased program revenues.

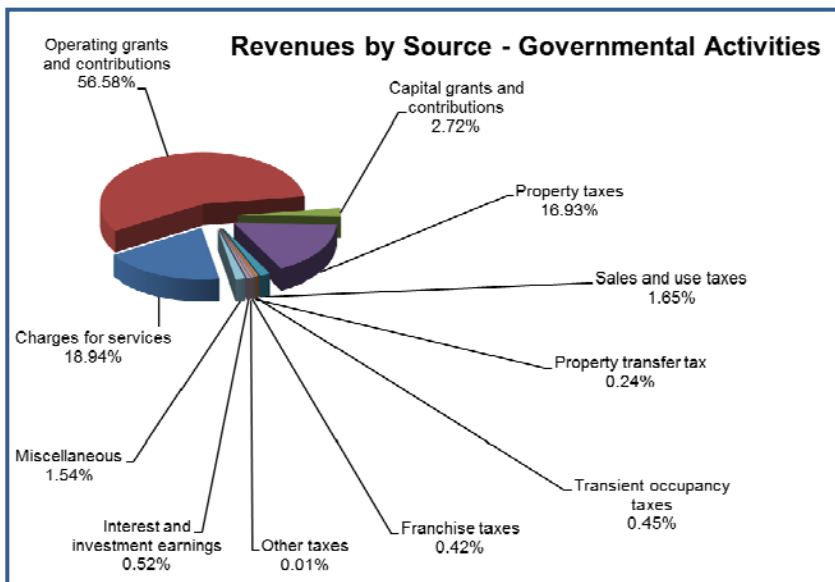
Governmental activities. Governmental activities increased the County's net position by \$9,293,414 to \$179,286,683, a 5.5% increase. This increase was 58% of the County's total increase in net position and included a total revenue increase of \$18,342,388, while total expenses increased by \$17,547,803 or 13.1% and 13.3% respectively.

Revenues. The total revenue increase of \$18,342,388, or 13.1%, to \$158,384,346 is divided into two categories: Program Revenues and General Revenues.

Program Revenues had an overall increase of \$14,710,686, or 13.5%, to \$123,899,476 from the prior year. As an arm of the State government, a significant portion of charges for services and operating grants and contributions are tied to mandated services such as public assistance, health and behavioral health services. Total program revenues represent 78% of the County's funding for governmental activities.

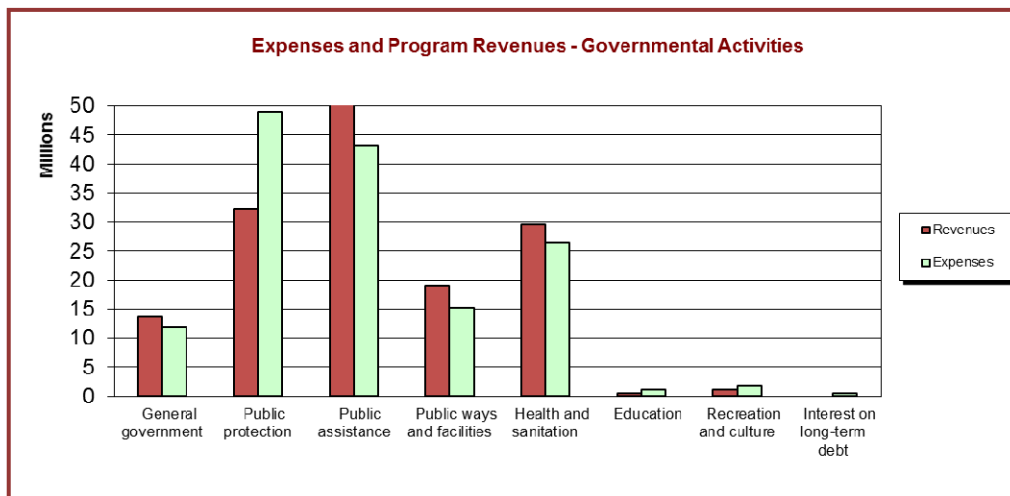
Charges for services increased by \$2,597,136, or 9.5%, to \$29,993,301

due to a combination of increases in revenues for licenses and permits, fines and forfeitures, recording fees, as well as new revenue in the amount of \$660,000 for cell phone tower use. *Operating grants and contributions* (intergovernmental revenues) increased by \$9,927,189 or 12.5%, to \$89,602,737 primarily due to revenues received in the form of Federal and State disaster relief funding in response to the Rocky and Valley Fires during the summer of 2015. *Capital grants and contributions* (intergovernmental revenues) increased \$2,186,361, or 103%, to \$4,303,438 due to increased funding for road construction projects for bridge projects throughout the County and an approximately \$1 million grant for Paradise Valley. **General revenues** had an overall increase of \$3,631,702, or 11.8%. These revenues included general taxes which provided the Board of Supervisors with the most discretionary spending ability. The increase was property taxes \$917,050 or 3.5%; franchise taxes \$11,929 or 1.8%; transient occupancy taxes \$121,059 or 20.4%; transfer taxes \$88,962 or 30.8%; other taxes \$6,777 or 35.6%, interest and investment \$106,701 or 14.8%; miscellaneous \$233,925 or 1594.4%; a decrease in sales and use taxes of \$51,591 or 1.9% primarily due to an adjustment impacting most counties throughout the State; and insurance proceeds of \$2,196,890.



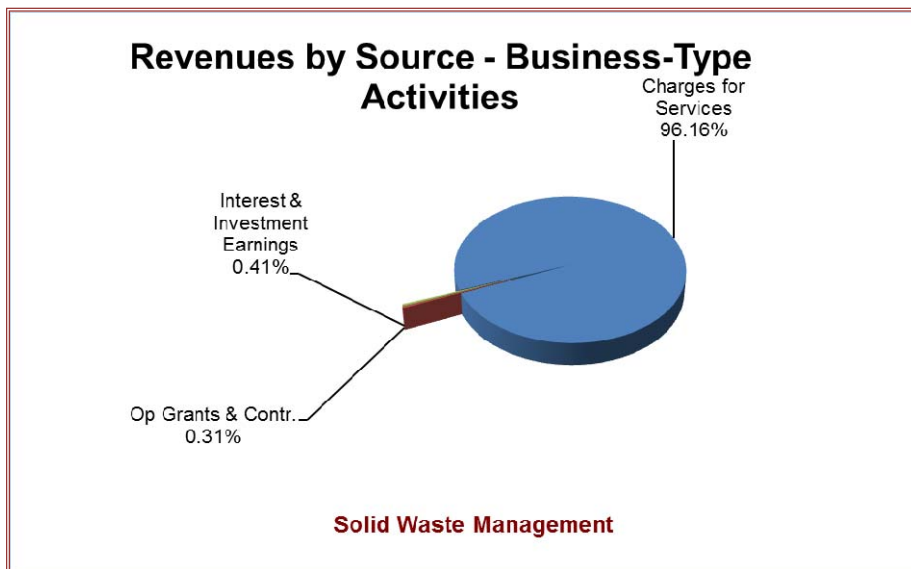
Expenses. Expenses increased by \$17,547,803, or 13.3%, to \$149,090,932 over the prior year. As a service

delivery entity, the County's major cost component is salaries and benefits, amounting to 53% of the total County expenses. The County's average full-time equivalent (FTE) count for the County (including business-type activities) had a net increase of 8 FTEs from 864 in the prior year to 872 as of June 30, 2016. The change in FTE was primary in the Behavioral



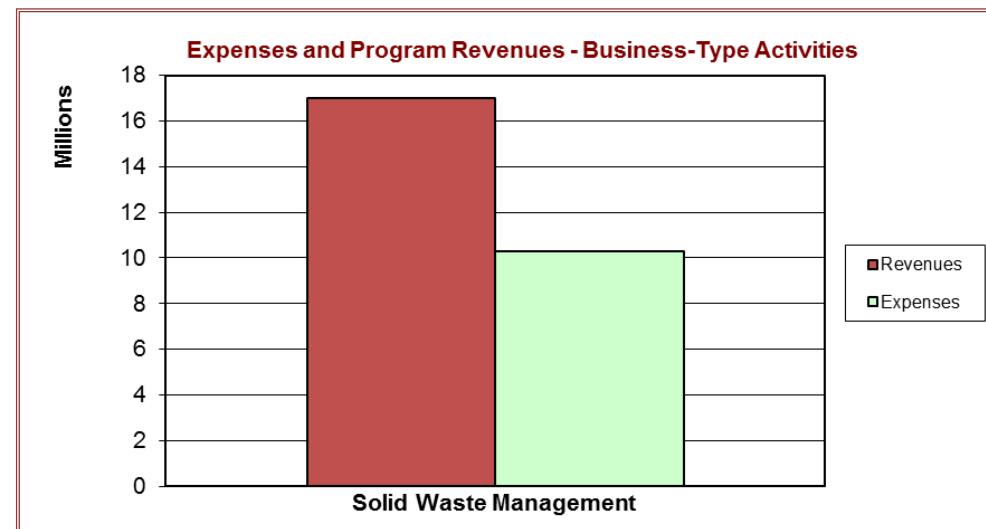
Health Department where funding is provided through State and Federal sources. Salary and benefit expenditures increased by 6% overall, with services and supplies increasing by 7%. The overall \$17,547,803, or 13.3% increase was primarily as a result of increased expenditures as a result of the major fires the summer of 2015. General government increased by \$1,057,708, or 9.8%; public protection \$11,666,081, or 31.3%; public assistance at \$1,644,539, or 12.1%; health and safety \$579,082 or 2.2%; public assistance \$2,573,752 or 6.4%; education \$13,218, or 1.1%; culture and recreation \$34,866 or 2%; and interest on long-term debt decreased \$21,443 or 3.7%

Business-type activities. Business-type activities increased the County's net business-type position by \$6,689,715 as a result of operating revenues exceeding operating expenditures by that amount.



Revenues. Total program revenues increased by \$13,991,575, or 477%, to \$16,922,603 and total general revenues increased by \$35,541, or 106%, to \$69,171. This consists of an increase in *charges for services* of \$14,018,449, or 492%, as a result of increased fees received at the County landfill for the debris operations taking place as a result of the fires of 2015.; *operating grants and contributions* decreased \$26,874, or 34%, miscellaneous revenue decreased \$941, or 82%; and interest and investment earnings increased \$36,482, or 112% as a result of increased cash flows.

Expenses. Total expenses increased by \$7,761,096, or 305%, to \$10,302,059 from the previous fiscal year



primarily as a result of the additional closure/post closure adjustment required due to the impact of fire debris on landfill life expectancy. Salaries and benefits comprise 69% of total expenses. Salaries and benefits increased by \$6,536, or 1%, from the prior year. Service and supplies increased by \$1,260,429, or 103%, from the prior year. Revenues exceeded expenses by \$6,689,715 over the previous year.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to demonstrate compliance with finance-related legal requirements.

Governmental funds The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's

financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As listed in the *Financial Highlights*, at June 30, 2016 the County's governmental funds reported combined ending fund balances of \$91,963,922 a decrease of \$745,201 in comparison with the prior year. Approximately 25% of the combined fund balance, \$23,231,609 constitutes assigned and unassigned fund balance, which is available to meet the County's current and future needs. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has been committed to the following:

- Nonspendable, advances receivable and inventory - \$6,960,932
- Restricted, external constraints (grants, laws) - \$61,771,381

The decrease in fund balances for the County's governmental funds can be attributed to the disaster response and recovery during the fiscal year.

The General Fund is the primary operating fund of the County. At June 30, 2016, assigned fund balance of the General Fund was \$9,961,858 while total fund balance was \$27,660,707. The \$9,961,858 assigned fund balance is designated by the governing body for special projects; \$8,807,500 is unassigned for subsequent year needs, while \$6,848,773 in nonspendable fund balance constitutes advances and inventory. The general fund contains a restricted or committed fund balance of \$2,042,576 held for other post employment pension liabilities. The Board remains committed to utilizing one time funding sources for one time projects. As a measure of the general fund's liquidity, it may be useful to compare both assigned fund balance and total fund balance to total fund expenditures. Assigned fund balance represents 21% of total general fund expenditures, while total fund balance represents 58% of that same amount. The general fund balance decreased by \$3,088,137 during the fiscal year.

Other major funds include the Housing Programs, Social Services, Health Programs and new this year—Disaster Response and Recovery. The Housing Programs, Social Services, and Health Programs had total fund balances of \$5,667,623, \$5,615,527, and 408,150 respectively; a decrease in fund balance from the prior year of \$71,796, \$357,918 and an increase of \$66,485 respectively. The newly created Disaster Response and Recovery fund ended the fiscal year with a total fund balance of \$814,927.

Proprietary funds The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the enterprise fund increased from to \$6,382,854 to \$13,072,569, a 105% increase from the previous fiscal year. The net position of the internal services funds increased from \$3,163,045 to \$3,284,371, a 4% increase from the previous fiscal year.

General Fund Budgetary Highlights

The differences between the original budget and the final amended budget revenues were a decrease of \$3,893,455. This represents an 8% overall decrease in revenue estimates and was due primarily to the transfer of disaster response and recovery activity from general fund into a special revenue fund set up for that purpose. The differences between the original budget and the final amended budget appropriations were a decrease of \$3,778,228. This decrease is 6% when compared to the overall budget.

Appropriation adjustments made during the fiscal year for all functions is summarized below:

- General government – net decrease of \$4,227,471. Decreases were necessary to adjust for realized revenue, as well as moving disaster response and recovery out of the general fund and into a special revenue fund for that purpose.
- Public Protection – net decrease of \$412,602. Decreases were made to adjust for realized revenue. This is a negligible increase compared to total category budget.
- Public Assistance – net increase of \$16,321 for senior and veteran services activities.
- Education – net increase of \$11,013 for U.C. Cooperative Extension activity.
- Recreation and Culture – net increase of \$54,456 in the Museum and the Parks and Recreation departments of \$17,364 and \$37,092 respectively.
- Total Capital Outlay – net increase of \$780,055. Increases spread throughout several different departments and were most notable in Sheriff-Coroner, Sheriff-Jail Facilities, Emergency Services and Parks and Recreation.

During the year, actual revenues were \$2,671,018 more than revenue estimates. During the year, actual expenditures were less than budgetary estimates by \$6,765,521. The net effect of under-realization of revenues and under-utilization of appropriations resulted in a positive variance of \$9,436,539 prior to consideration of interfund transfers. This variance is due to the management's conservative approach to revenue estimates and fiscally responsible spending practices.

Specific categories and their associated variances for the general fund and all major funds can be found in the Required Supplementary Information section of this report, pages 64 – 72.

Capital assets

The County's investment in capital assets for its governmental and business type activities as of June 20, 2016 was \$166,810,843 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, equipment, park facilities and infrastructure (roads, bridges, water and sewer systems). The total increase in the County's investment in capital assets for the current fiscal year of \$5,103,660 and represented an increase in construction in progress and equipment; with decreases in land, buildings and improvements, and infrastructure.

County of Lake Capital Assets as of June 30 (Net of Depreciation)								
	Governmental Activities		Business-Type Activities		Total		Total	
	2015	2016	2015	2016	2015	2016	Dollar Change	Percent Change
Land	\$ 23,688,365	\$ 23,146,767	\$ 742,356	\$ 742,356	\$ 24,430,721	\$ 23,889,123	\$ (541,598)	-2%
Construction in progress	11,748,184	20,390,188	-	21,450	11,748,184	20,411,638	8,663,454	74%
Buildings and improvements	45,417,699	45,099,934	1,035,424	1,005,119	46,453,123	46,105,053	(348,070)	-1%
Equipment	7,051,965	8,196,761	474,542	1,134,736	7,526,507	9,331,497	1,804,990	24%
Infrastructure	68,324,090	63,924,866	3,224,558	3,148,666	71,548,648	67,073,532	(4,475,116)	-6%
Net assets - June 30	\$ 156,230,303	\$ 160,758,516	\$ 5,476,880	\$ 6,052,327	\$ 161,707,183	\$ 166,810,843	\$ 5,103,660	3%

Detailed information on the County's capital assets can be found in the Notes to the Financial Statements, Note 3 pages 43-44.

Long-Term Liabilities

As of June 30, 2016, the County had total long-term obligations outstanding of \$29,997,759. The largest obligations were Closure/Post Closure for Solid Waste of \$10,394,911 followed by Loans Payable of \$6,517,069 for water and wastewater projects, Southeast Regional Wastewater revenue bonds of \$4,235,000, compensated absences for governmental and business type activities of \$3,491,716 and \$68,451, respectively, Solid Waste corrective action of \$2,648,016, and Kelseyville/Finley Water Project Certificates of Participation of \$2,450,596. The remaining includes Sanitation District 1-5 special assessment bonds, \$192,000.

During the fiscal year, the County's total long-term liabilities increased by \$5,920,610. The majority of this increase was the result of increases in Solid Waste closure/post closure and corrective action.

The majority of County long-term liabilities consist of loans payable, certificates of participations and revenue bonds that are paid for by dedicated revenue sources, bonds and special assessments for those within the areas of service.

Detailed information on the County's long-term debt can be found in the Notes to the Financial Statements, Note 4 page 45-48.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning the information contained within this report or requests for additional information should be addressed to the County of Lake, Auditor-Controller, 255 North Forbes Street, Lakeport, CA 95453. This report, as well as various other financial reports, and the County of Lake Budget, is also available via the internet at: http://www.co.lake.ca.us/Government/Directory/AuditorController/Financial_Reporting.htm.

BASIC FINANCIAL STATEMENTS
Government Wide Financial Statements

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COUNTY OF LAKE

Statement of Net Position June 30, 2016

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Totals
Assets:			
Cash and investments	\$ 89,374,245	\$ 14,545,400	\$ 103,919,645
Restricted cash	1,983,370	5,549,364	7,532,734
Imprest cash	9,715	500	10,215
Cash with fiscal agent	321,194	--	321,194
Accounts receivable	4,159,012	1,084,494	5,243,506
Due from other governments	9,517,857	--	9,517,857
Taxes receivable	335,102	--	335,102
Interest receivable	104,144	34,080	138,224
Inventories	126,641	--	126,641
Loans receivable	6,524,442	--	6,524,442
Capital assets:			
Nondepreciable	43,536,955	763,806	44,300,761
Depreciable, net	117,221,561	5,288,521	122,510,082
Total Assets	273,214,238	27,266,165	300,480,403
Deferred Outflows of Resources:			
Deferred pension	6,410,577	90,970	6,501,547
Liabilities:			
Accounts payable	2,523,990	92,408	2,616,398
Accrued interest payable	136,810	--	136,810
Accrued salaries and benefits	6,677,799	101,553	6,779,352
Unearned revenue	4,763,760	--	4,763,760
Deposits and other liabilities	105,419	--	105,419
Estimated claims liability	709,843	--	709,843
Long-term liabilities			
Due within one year	1,809,470	12,210	1,821,680
Due in more than one year	15,076,911	13,099,168	28,176,079
Liability for post-employment benefits	7,522,581	132,590	7,655,171
Net pension liability	54,409,933	776,549	55,186,482
Total Liabilities	93,736,516	14,214,478	107,950,994
Deferred Inflows of Resources:			
Deferred pension	6,601,616	70,088	6,671,704
Net Position:			
Net investment in capital assets	147,363,850	6,052,327	153,416,177
Restricted for:			
Debt service	8,369,324	--	8,369,324
Capital projects	29,636	--	29,636
General government	2,042,576	--	2,042,576
Public protection	9,398,734	--	9,398,734
Public assistance	13,323,141	--	13,323,141
Health and sanitation	10,990,295	--	10,990,295
Public ways and facilities	15,649,359	--	15,649,359
Education	324,916	--	324,916
Recreation	112,972	--	112,972
Unrestricted	(28,318,120)	7,020,242	(21,297,878)
Total Net Position	\$ 179,286,683	\$ 13,072,569	\$ 192,359,252

The accompanying notes are an integral part of these financial statements.

COUNTY OF LAKE

Statement of Activities For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 11,857,357	\$ 5,388,446	\$ 5,474,752	\$ --
Public protection	48,942,512	7,296,105	13,490,433	--
Public ways and facilities	15,245,885	6,891,268	4,281,830	4,303,438
Health and sanitation	26,374,767	7,404,252	16,142,255	--
Public assistance	43,073,851	2,189,311	50,169,585	--
Education	1,219,463	124,310	43,882	--
Culture and recreation	1,818,386	699,609	--	--
Interest on long-term debt	558,711	--	--	--
Total Governmental Activities	<u>149,090,932</u>	<u>29,993,301</u>	<u>89,602,737</u>	<u>4,303,438</u>
Business-Type Activities:				
Solid Waste Management	<u>10,302,059</u>	<u>16,870,395</u>	<u>52,208</u>	<u>--</u>
Total Business-Type Activities	<u>10,302,059</u>	<u>16,870,395</u>	<u>52,208</u>	<u>--</u>
Total Primary Government	<u>\$ 159,392,991</u>	<u>\$ 46,863,696</u>	<u>\$ 89,654,945</u>	<u>\$ 4,303,438</u>

General Revenues:

Taxes:

Property taxes

Franchise taxes

Sales and use taxes

Transient occupancy taxes

Transfer taxes

Other taxes

Unrestricted interest and investment earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (994,159)	\$ --	\$ (994,159)
(28,155,974)	--	(28,155,974)
230,651	--	230,651
(2,828,260)	--	(2,828,260)
9,285,045	--	9,285,045
(1,051,271)	--	(1,051,271)
(1,118,777)	--	(1,118,777)
(558,711)	--	(558,711)
(25,191,456)	--	(25,191,456)
--	6,620,544	6,620,544
--	6,620,544	6,620,544
(25,191,456)	6,620,544	(18,570,912)
26,814,811	--	26,814,811
670,775	--	670,775
2,606,804	--	2,606,804
713,172	--	713,172
378,031	--	378,031
25,806	--	25,806
829,984	68,971	898,955
2,445,487	200	2,445,687
34,484,870	69,171	34,554,041
9,293,414	6,689,715	15,983,129
169,993,269	6,382,854	176,376,123
<u>\$ 179,286,683</u>	<u>\$ 13,072,569</u>	<u>\$ 192,359,252</u>

The accompanying notes are an integral part of these financial statements.

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BASIC FINANCIAL STATEMENTS
Fund Financial Statements

COUNTY OF LAKE

Balance Sheet Governmental Funds June 30, 2016

	General	Housing Programs	Social Services
Assets:			
Cash and investments	\$23,709,659	\$ 575,592	\$6,483,865
Restricted cash	1,983,370	--	--
Imprest cash	7,205	--	800
Cash with fiscal agent	--	--	--
Accounts receivable	1,071,751	--	633,172
Due from other governments	--	--	1,690,481
Taxes and assessments receivable	335,102	--	--
Interest receivable	78,213	--	--
Advances to other funds	6,848,773	--	--
Inventories	--	--	--
Loans receivable	54,875	5,126,548	--
Total Assets	<u>\$34,088,948</u>	<u>\$5,702,140</u>	<u>\$8,808,318</u>
Liabilities:			
Accounts payable	\$ 1,030,841	\$ 45	\$ 70,585
Accrued salaries and benefits payable	3,359,155	34,472	1,431,725
Deposits payable	--	--	--
Unearned revenues	2,038,245	--	--
Advances from other funds	--	--	--
Total Liabilities	<u>6,428,241</u>	<u>34,517</u>	<u>1,502,310</u>
Deferred Inflows of Resources:			
Unavailable revenue	--	--	1,690,481
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>1,690,481</u>
Fund Balances:			
Nonspendable	6,848,773	--	--
Restricted	2,042,576	5,667,623	5,615,527
Assigned	9,961,858	--	--
Unassigned	8,807,500	--	--
Total Fund Balances	<u>27,660,707</u>	<u>5,667,623</u>	<u>5,615,527</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$34,088,948</u>	<u>\$5,702,140</u>	<u>\$8,808,318</u>

The accompanying notes are an integral part of these financial statements.

Health Programs	Disaster Response & Recovery	Other Governmental Funds	Total
\$ 2,454,093	\$ 113,601	\$ 52,928,409	\$ 86,265,219
--	--	--	1,983,370
275	--	1,435	9,715
--	--	321,194	321,194
134,192	--	2,319,897	4,159,012
275,141	2,278,883	94,678	4,339,183
--	--	--	335,102
--	--	25,931	104,144
--	--	307,806	7,156,579
--	--	112,159	112,159
--	--	1,343,019	6,524,442
<u>\$ 2,863,701</u>	<u>\$ 2,392,484</u>	<u>\$ 57,454,528</u>	<u>\$111,310,119</u>
\$ 47,515	\$ 274,661	\$ 1,078,978	\$ 2,502,625
295,394	--	1,512,546	6,633,292
--	--	105,419	105,419
1,837,501	--	888,014	4,763,760
--	--	1,977,905	1,977,905
<u>2,180,410</u>	<u>274,661</u>	<u>5,562,862</u>	<u>15,983,001</u>
<u>275,141</u>	<u>1,302,896</u>	<u>94,678</u>	<u>3,363,196</u>
<u>275,141</u>	<u>1,302,896</u>	<u>94,678</u>	<u>3,363,196</u>
--	--	112,159	6,960,932
408,150	814,927	47,222,578	61,771,381
--	--	4,472,252	14,434,110
--	--	(10,001)	8,797,499
<u>408,150</u>	<u>814,927</u>	<u>51,796,988</u>	<u>91,963,922</u>
<u>\$ 2,863,701</u>	<u>\$ 2,392,484</u>	<u>\$ 57,454,528</u>	<u>\$111,310,119</u>

The accompanying notes are an integral part of these financial statements.

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COUNTY OF LAKE

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities June 30, 2016

Fund Balance - total governmental funds	\$ 91,963,922
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	159,765,557
Deferred outflows of resources reported in the statement of net position	6,410,577
Some of the County's intergovernmental revenue will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as unavailable revenue in the governmental funds. Due from other governments	3,363,196
Interest payable on long-term debt does not require the use of current financial resources and therefore is not accrued as a liability in the governmental funds	(136,810)
Deferred inflows of resources reported in the statement of net position	(6,601,616)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Special assessment bonds with County commitment	(192,000)
Loans payable	(6,252,070)
Revenue bonds	(4,500,000)
Certificates of participation	(2,450,596)
Compensated absences	(3,468,002)
Net pension liability	(54,409,933)
Liability for post-employment benefits	(7,489,913)
Internal service funds are used by management to charge the cost of self-insurance risk management and management of fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position is:	<u>3,284,371</u>
Net position of governmental activities	<u><u>\$ 179,286,683</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF LAKE

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2016

	General	Housing Programs	Social Services
Revenues:			
Taxes	\$ 28,586,373	\$ --	\$ --
Licenses and permits	135,317	--	--
Fines, forfeitures and penalties	941,437	--	--
Use of money and property	522,638	2,126	--
Intergovernmental	10,719,146	250,677	39,633,584
Charges for services	4,183,847	6	681,694
Other revenues	2,544,281	--	13,231
Total Revenues	<u>47,633,039</u>	<u>252,809</u>	<u>40,328,509</u>
Expenditures:			
Current:			
General government	11,268,793	--	--
Public protection	32,578,315	--	--
Public ways and facilities	--	--	--
Health and sanitation	--	--	--
Public assistance	373,741	359,605	40,276,984
Education	219,758	--	--
Recreation and culture	1,652,542	--	--
Debt Service:			
Principal	--	--	--
Interest	--	--	--
Capital outlay	1,698,856	--	394,905
Total Expenditures	<u>47,792,005</u>	<u>359,605</u>	<u>40,671,889</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(158,966)</u>	<u>(106,796)</u>	<u>(343,380)</u>
Other Financing Sources (Uses):			
Transfers in	1,000,000	35,000	20,462
Transfers out	(4,171,605)	--	(35,000)
Sale of capital assets	242,434	--	--
Total Other Financing Sources (Uses)	<u>(2,929,171)</u>	<u>35,000</u>	<u>(14,538)</u>
Net Changes in Fund Balances	(3,088,137)	(71,796)	(357,918)
Fund Balances, Beginning of Year	<u>30,748,844</u>	<u>5,739,419</u>	<u>5,973,445</u>
Fund Balances, End of Year	<u><u>\$ 27,660,707</u></u>	<u><u>\$ 5,667,623</u></u>	<u><u>\$ 5,615,527</u></u>

The accompanying notes are an integral part of these financial statements.

Health Programs	Disaster Response & Recovery	Other Governmental Funds	Total
\$ --	\$ --	\$ 2,623,026	\$ 31,209,399
617,052	--	1,215,572	1,967,941
1,555	--	518,994	1,461,986
1,339	10,129	283,819	820,051
3,832,044	7,419,219	29,960,171	91,814,841
831,473	--	17,482,898	23,179,918
13,201	278,380	2,729,513	5,578,606
<u>5,296,664</u>	<u>7,707,728</u>	<u>54,813,993</u>	<u>156,032,742</u>
--	--	1,549,203	12,817,996
--	9,042,801	6,827,532	48,448,648
--	--	13,318,893	13,318,893
5,348,401	--	17,333,356	22,681,757
--	--	2,328,828	43,339,158
--	--	987,974	1,207,732
--	--	9,779	1,662,321
--	--	1,670,480	1,670,480
--	--	555,936	555,936
--	--	9,223,695	11,317,456
<u>5,348,401</u>	<u>9,042,801</u>	<u>53,805,676</u>	<u>157,020,377</u>
<u>(51,737)</u>	<u>(1,335,073)</u>	<u>1,008,317</u>	<u>(987,635)</u>
118,222	2,150,000	2,274,058	5,597,742
--	--	(1,391,137)	(5,597,742)
--	--	--	242,434
<u>118,222</u>	<u>2,150,000</u>	<u>882,921</u>	<u>242,434</u>
66,485	814,927	1,891,238	(745,201)
<u>341,665</u>	<u>--</u>	<u>49,905,750</u>	<u>92,709,123</u>
<u>\$ 408,150</u>	<u>\$ 814,927</u>	<u>\$ 51,796,988</u>	<u>\$ 91,963,922</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF LAKE

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2016

Net change to fund balance - total governmental funds \$ (745,201)

Amounts reported for governmental activities in the statement of activities
are different because:

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenue in the governmental funds.

This is the change in unavailable revenues. 2,093,537

Governmental funds report capital outlay as expenditures. However,
in the statement of activities, the cost of those assets is allocated
over their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets and infrastructure	\$ 12,608,817	
Less: current year depreciation	<u>(8,098,847)</u>	4,509,970

Long-term debt proceeds provide current resources to governmental funds,
but issuing debt increases long-term liabilities in the statement of net position.
Repayment of debt principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net position.

Principal retirements	1,670,480	
Interest	<u>(2,775)</u>	1,667,705

Some expenses reported in the statement of activities do not
require the use of current financial resources and, therefore, are
not reported as expenditures in governmental funds.

Change in compensated absences	(272,805)	
Changes in net pension liability and deferred inflows/outflows	2,581,421	
Change in OPEB liability	<u>(662,539)</u>	1,646,077

Internal service funds are used by management to charge the costs
of certain activities, such as insurance and fleet maintenance,
to individual funds. The net revenues (expense) of the internal
service funds is reported with governmental activities.

121,326

Change in net position of governmental activities	<u><u>\$ 9,293,414</u></u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF LAKE

Statement of Fund Net Position Proprietary Funds June 30, 2016

	Business-type Activities Enterprise Funds Solid Waste Management	Governmental Activities Internal Service Funds
Assets:		
Current Assets:		
Cash and investments	\$ 14,545,400	\$ 3,109,026
Imprest Cash	500	--
Restricted cash	5,549,364	--
Accounts receivable	1,084,494	--
Interest receivable	34,080	--
Inventory	--	14,482
Total Current Assets	21,213,838	3,123,508
Noncurrent Assets:		
Capital Assets:		
Nondepreciable	763,806	48,233
Depreciable, net	5,288,521	944,726
Total Noncurrent Assets	6,052,327	992,959
Total Assets	27,266,165	4,116,467
Deferred Outflows of Resources:		
Deferred pension	90,970	--
Liabilities:		
Current Liabilities:		
Accounts payable	92,408	21,365
Salaries & benefits payable	101,553	44,507
Compensated absences payable	12,210	5,072
Total Current Liabilities	206,171	70,944
Noncurrent Liabilities:		
Compensated absences payable	56,241	18,641
Closure/post closure liability	13,042,927	--
Net OPEB obligation	132,590	32,668
Pension liability	776,549	--
Estimated claims liability	--	709,843
Total Noncurrent Liabilities	14,008,307	761,152
Total Liabilities	14,214,478	832,096
Deferred Inflows of Resources:		
Deferred pension	70,088	--
Net Position:		
Net investment in capital assets	6,052,327	992,959
Unrestricted	7,020,242	2,291,412
Total Net Position	\$ 13,072,569	\$ 3,284,371

The accompanying notes are an integral part of these financial statements.

COUNTY OF LAKE

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the Year Ended June 30, 2016

	Business-type Activities Enterprise Funds Solid Waste Management	Governmental Activities Internal Service Funds
Operating Revenues:		
Charges for services	\$ 16,609,493	\$ 5,833,102
Rents and concessions	--	1,003,607
Franchise fees	260,902	--
Other revenues	--	25,172
Total Operating Revenues	16,870,395	6,861,881
Operating Expenses:		
Salaries and benefits	1,079,358	398,039
Services and supplies	1,672,378	1,245,189
Maintenance	--	169,532
Closure/post closure	7,317,160	--
Claims/liability adjustments	--	4,545,709
Depreciation	233,163	397,719
Total Operating Expenses	10,302,059	6,756,188
Operating Income (Loss)	6,568,336	105,693
Nonoperating Revenues (Expenses):		
Intergovernmental revenues	52,208	--
Investment income (expense)	68,971	9,933
Gain (loss) on sale of assets	200	5,700
Total Nonoperating Revenues (Expenses)	121,379	15,633
Change in Net Position	6,689,715	121,326
Net Position, Beginning of Year	6,382,854	3,163,045
Net Position, End of Year	\$ 13,072,569	\$ 3,284,371

The accompanying notes are an integral part of these financial statements.

COUNTY OF LAKE

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2016

	Business-type Activities Enterprise Funds Solid Waste Management	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:		
Receipts from customers	\$ 16,236,662	\$ --
Receipts from interfund charges for service	--	6,861,881
Payments to suppliers	(1,614,983)	(5,916,765)
Payments to employees	(1,096,783)	(385,382)
Net Cash Provided (Used) by Operating Activities	13,524,896	559,734
Cash Flows from Noncapital Financing Activities:		
Operating grants	52,208	--
Net Cash Provided (Used) by Noncapital Financing Activities	52,208	--
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	(808,610)	(388,575)
(Gain) loss on disposal of capital assets	--	(27,387)
Proceeds from sale of capital assets	200	5,700
Net Cash Provided (Used) by Capital and Related Financing Activities	(808,410)	(410,262)
Cash Flows from Investing Activities:		
Interest on investments	40,615	9,933
Net Cash Provided (Used) by Investing Activities	40,615	9,933
Net Increase (Decrease) in Cash and Cash Equivalents	12,809,309	159,405
Cash and Cash Equivalents, Beginning of Year	7,285,955	2,949,621
Cash and Cash Equivalents, End of Year	\$ 20,095,264	\$ 3,109,026

The accompanying notes are an integral part of these financial statements.

continued

COUNTY OF LAKE

Statement of Cash Flows (continued) Proprietary Funds For the Year Ended June 30, 2016

	Business-type Activities Enterprise Funds	Governmental Activities
	Solid Waste Management	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 6,568,336	\$ 105,693
Adjustments to reconcile operating income (loss) to cash flows from operating activities:		
Depreciation	233,163	397,719
Decrease (increase) in:		
Accounts receivable	(633,733)	--
Inventory	--	2,658
Increase (decrease) in:		
Accounts payable	57,395	5,178
Salaries and benefits payable	(2,075)	11,062
Compensated absences payable	2,420	(1,295)
OPEB liability	11,728	2,890
Net pension liability	(29,498)	--
Closure/post closure liability	7,317,160	--
Claims payable	--	35,829
Net Cash Provided (Used) by Operating Activities	\$ 13,524,896	\$ 559,734

The accompanying notes are an integral part of these financial statements.

COUNTY OF LAKE

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2016

	Investment Trust Fund	Successor Agency Private Purpose Trust Fund	Agency Funds
Assets:			
Cash and investments	\$ 58,260,470	\$ 58,072	\$ 11,769,805
Taxes and assessments receivable	--	--	9,408,933
Total Assets	<u>58,260,470</u>	<u>58,072</u>	<u>\$ 21,178,738</u>
Liabilities:			
Advances from other funds	--	5,178,674	--
Fiduciary liabilities	--	--	21,178,738
Total Liabilities	<u>--</u>	<u>5,178,674</u>	<u>\$ 21,178,738</u>
Net Position:			
Held in trust	<u>\$ 58,260,470</u>	<u>\$ (5,120,602)</u>	

The accompanying notes are an integral part of these financial statements.

COUNTY OF LAKE

Statement of Changes in Fiduciary Net Position For the Year Ended June 30, 2016

	Investment Trust Fund	Successor Agency Private Purpose Trust Fund
Additions:		
Contributions from participants	\$ 159,417,109	\$ --
Redevelopment Agency Property Tax Trust Fund	--	86,415
Interest and investment income	199,146	220
Total Additions	<u>159,616,255</u>	<u>86,635</u>
Deductions:		
Distributions to participants	147,359,555	--
Project administration	--	32,695
Total Deductions	<u>147,359,555</u>	<u>32,695</u>
Change in Net Position	12,256,700	53,940
Net Position, Beginning of Year	<u>46,003,770</u>	<u>(5,174,542)</u>
Net Position, End of Year	<u>\$ 58,260,470</u>	<u>\$ (5,120,602)</u>

The accompanying notes are an integral part of these financial statements.

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COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**

A. Reporting Entity

The County operates under an Administrator-Board of Supervisors form of government and provides various services on a county-wide basis including: public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accounting methods and procedures adopted by the County conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

The governmental reporting entity consists of the County and its component units. Component units are legally separate organizations for which the Board of Supervisors is financially accountable or other organizations whose component units nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance part of the County's operations and, therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the Board of Supervisors. The financial statements of the individual component units may be obtained by writing to the County of Lake, Auditor-Controller's Office, 255 North Forbes Street, Lakeport, California, 95453.

The following blended component units, although legally separate entities, are considered to be part of the primary government for financial reporting purposes because their boards are comprised of County Board members, and/or they provide service exclusively to the County, and/or there exists a financial benefit or burden relationship:

Air Quality District

The Air Quality District is a separate legal entity formed to provide air quality services. The Air Quality District's Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, this entity has been blended with the primary government.

Lake County Housing Commission

The Lake County Housing Commission is a separate legal entity formed to administer the Section 8 program. The Housing Commission's purpose is to administer the housing program of the County of Lake. The Housing Commission's Board of Commissioners is composed of the same members as the County's Board of Supervisors. Therefore, this entity has been blended with the primary government.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies** (continued)

A. **Reporting Entity** (continued)

Watershed Protection Districts

The Watershed Protection Districts are separate legal entities formed to provide flood control in these districts within the County. The Watershed Protection District's Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, these entities have been blended with the primary government.

County Service Areas

The County Service Areas are separate legal entities created to provide services such as water and road maintenance throughout the County. The County Service Areas' Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, these entities have been blended with the primary government.

Lighting Districts

The Lighting Districts are separate legal entities formed to provide lighting services within these districts. The Lighting District's Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, these entities have been blended with the primary government.

Sanitation Districts

The Sanitation Districts are separate legal entities formed to provide sanitation maintenance services within the County. The Sanitation District's Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, these entities have been blended with the primary government.

IHSS

The *In-Home Supportive Services Public Authority* (IHSS) was established by the Board to act as the employer of record for IHSS individual providers. As an administrative unit, it carries out functions prescribed in Welfare & Institutions Code Section 12301.6. Those functions include a provider screening process, a registry that will match eligible providers and consumers, and collective bargaining with providers and their representatives. IHSS also offers access to training for providers and consumers while continuing to allow for consumer choice in the selection of providers. Though a legally separate entity, the IHSS Public Authority is programmatically integrated into the County service systems for aged, blind, and disabled individuals (including children).

Lake County Redevelopment Successor Agency

The *Lake County Redevelopment Successor Agency* (Successor Agency) operates under the auspices of a legislatively formed Oversight Board comprised of representatives of the local agencies that serve the redevelopment project area. The Oversight Board, in its fiduciary capacity, has authority over the operations and the timely dissolution of the former RDA. It is tasked with fulfilling the obligations of the former RDA, and is also responsible for revenue collection, and disposing of excess property.

Lake County Public Financing Authority

The *Lake County Public Financing Authority* was established in June 2011 by Board of Supervisors to provide financial assistance to the *Lake County Sanitation District* and the County in connection with the construction of public capital improvements. This component unit is reported within the Sanitation Districts Fund.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies** (continued)

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information on all of the nonfiduciary activities of the County, and its blended component units. These statements include the financial activities of the overall governments, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the County's business-type activities and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Certain indirect costs, which cannot be identified and broken down, are included in the program expense reported for individual functions and activities. Program revenues include (1) charges paid by the recipients of goods and services offered by the program, (2) operating grants and contributions, and (3) capital grants and contributions. Taxes and other items not properly included among program revenue are presented instead as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The County reports the following major governmental funds:

- The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund indicates such activities as general government, public protection, public assistance, education, and recreation services.
- The Housing Programs Fund is a special revenue fund used to account for the County certificate housing program. Funding comes primarily from state and federal revenues.
- The Social Services Fund is a special revenue fund used to account for welfare assistance activity. Funding comes primarily from state and federal revenues.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies** (continued)

B. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

- The Health Programs fund is a special revenue fund used to account for the operations of the health programs. Funding comes primarily from state and federal revenues.
- The Disaster Response & Recovery fund is a special revenue fund used to account for County disaster response and recovery activities. Funding comes primarily from state and federal revenues.

The County reports the following major proprietary fund:

- The Solid Waste Management Fund is an enterprise fund used to provide for the operation and expansion of the County's landfills.

The County reports the following additional fund types:

- Internal Service Funds account for the County's fleet maintenance, central garage, heavy equipment rental, and self-insurance programs which provide services to other departments on a cost reimbursement basis.
- The Investment Trust Fund accounts for the assets of legally separate entities that deposit cash with the County Treasurer. The assets are held in trust for other agencies and are part of the County's external pool. The County is obligated to disburse monies on demand.
- Agency Funds account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the County, acting in the capacity of an agent for distribution to other governmental units or other organizations. The agency funds maintained by the County include three separate components:

County Departmental Agency – Accounts for all assets under the control of County departments which are held in a fiduciary capacity.

Unapportioned Taxes Agency – Accounts for property tax receipts awaiting apportionment to other local governmental agencies.

Unapportioned Interest Agency – Accounts for investment earnings awaiting apportionment to other local governmental agencies.

- Private-Purpose Trust Fund is a fiduciary fund type used by the County to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities, and activities of the Lake County Redevelopment Successor Agency (Successor Agency).

C. **Basis of Accounting and Measurement Focus**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, including property and sales tax, grants, entitlements, and

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies** (continued)

C. Basis of Accounting and Measurement Focus (continued)

donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The County considers revenues reported in the governmental funds to be available if they are collected within forty-five days after the end of the current fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. Governmental capital asset acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds include trust funds and agency funds. All trust funds are reported using the economic measurement focus and the accrual basis of accounting. Agency funds are reported using the accrual basis of accounting to recognize receivables and payables.

D. Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer. The Treasurer invests on behalf of funds of the County and external participants in accordance with the California State Government Code and the County's investment policy. State statutes authorize the County to invest its cash surplus in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Income from pooled investments is allocated to the individual funds or external participants based on the fund or participant's average daily cash balance at quarter end in relation to the total pool investments. Interest income earned in agency funds where there are no interest earnings requirements are assigned to the General Fund per County Policy. Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest.

Investment transactions are recorded on the trade date. Investments are reported at fair value which is determined using selected basis annually. The fair value represents the amount the County could reasonably expect to receive for an investment in a current sale between a willing buyer and seller. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies** (continued)

D. Cash and Investments (continued)

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants each quarter. This method differs from the fair value method used to value investments in these financial statements, as unrealized gains or losses are not apportioned to pool participants. During the fiscal year ended June 30, 2016, the County Treasurer has not entered into any legally binding guarantees to support the value of participant equity in the investment pool.

For purpose of the accompanying statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents.

E. Receivables

Receivables consist of amounts due from others outside of the County. The County considers all of its receivables as collectible and therefore, no allowance is recorded.

F. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the long-term portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance in the General Fund and restricted fund balance in other governmental funds.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and, therefore, are not eliminated in the process of preparing the government-wide statement of activities.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies** (continued)

F. Interfund Transactions (continued)

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are treated as an adjustment to expenditures or expenses; that is, a corresponding increase in expenditures or expenses in the reimbursing fund and a corresponding decrease in expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide presentation.

G. Loans Receivables

The County provides loans receivable arising under mortgage subsidy and affordable housing programs. These receivables include loans that may be forgiven if certain terms and conditions of the loans are met. The County considers all of its loans receivables as collectible and therefore, no allowance is recorded.

H. Inventories

Inventories are stated at cost (first in – first out basis) for governmental and proprietary funds. Inventory recorded by governmental funds include materials and supplies for roads. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Inventories recorded by proprietary funds include supplies for internal service funds. Proprietary fund inventories are recorded as expenses at the time the inventory is consumed.

I. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements

In the government-wide financial statements, property, plant, equipment, and infrastructure are accounted for as capital assets in both the governmental and business-type activities column. Capital assets which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, water, sewer, and similar items) are defined by the County as assets with a cost of more than \$5,000 for equipment and \$25,000 for structures, improvements, and infrastructure and an estimated useful life of at least one year. Such assets are recorded at historical or estimated historical cost. Contributed capital assets are recorded at estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	5 – 15 years
Structures and improvements	10 – 50 years
Infrastructure	40 – 100 years

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies** (continued)

I. **Capital Assets** (continued)

Government-Wide Financial Statements (continued)

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund at the time of acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

J. **Unearned Revenue**

Unearned revenue is recorded for assets recognized in connection with a transaction before the earnings process is complete. Those assets are offset by a corresponding liability for unearned revenue.

K. **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows or resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item, pension, which qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of item which qualify for reporting in this category: pensions and unavailable revenue. The item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: intergovernmental revenue and charges for services. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

L. **Long-Term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consist primarily of general obligation bonds, special assessment bonds with County commitment, loans payable, certificates of participation, capital leases, closure/post closure liability, and accrued compensated absences.

Long-term debt for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. Long-term debt associated with proprietary fund operations is accounted for the same as in the government-wide statements.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies** (continued)

M. Compensated Absences

The County's policy regarding vacation and other leave obligations is to permit employees to accumulate earned but unused vacation and other leave obligations. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the governmental funds financial statements, the expenditures and liabilities related to those obligations are recognized only when they mature, while the proprietary funds report the liability as it is incurred. The County includes its share of social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

N. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Other Post-Employment Benefits (OPEB)

The County of Lake sponsors, under a defined benefit plan, a retiree healthcare plan to qualifying employees retiring directly from the County. The benefit level is determined by date of hire, length of service and bargaining agreements. The County has contracted for medical coverage to be provided through an agent multiple-employer Healthcare plan from either of two carriers that include the California State Association of Counties (CSAC) EIA Health Program or the California Public Employees Medical and Hospital Care Act (PEMHCA).

P. Fund Balances/Net Position

Government-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally include restrictions for capital projects, debt service requirements, and other special revenue fund purposes.
- Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted net position are available, restricted resources are depleted first before the unrestricted resources are used.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies** (continued)

P. **Fund Balances/Net Position** (continued)

Fund Financial Statements

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2016, fund balances for governmental funds are made up of the following:

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, including: inventories, prepaid amounts, and long-term notes receivable.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purpose determined by approval of a board resolution by 3/5th vote of the County’s Board of Supervisors. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance* – comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. The County Administrator and Director of Finance can assign fund balance to be used for specific purposes during budget preparation.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditures is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

In Proprietary fund financial statements net position are accounted for the same as in the government-wide statements.

Q. **Property Tax**

The State of California’s (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A, and may be adjusted by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the County, cities, school districts, and other districts.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies** (continued)

Q. **Property Tax** (continued)

The County of Lake assesses properties and bills for and collects property taxes as follows:

	Secured	Unsecured
Valuation/lien dates	January 1	January 1
Levy dates	January 1	January 1
Due dates	November 1 (1 st installment) February 1 (2 nd installment)	July 1
Delinquent dates	December 10 (1 st installment) April 10 (2 nd installment)	August 31

The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within forty-five days after fiscal year-end.

The County of Lake apportions secured property tax revenue in accordance with the alternate method of distribution, the “Teeter Plan”, as described in Section 4717 of the California Revenue and Taxation code. Under the Teeter Plan, penalties and interest collected on delinquent secured taxes are required to be held in trust in the Tax Loss Recovery Fund (TLRF). The primary purpose of the TLRF is to cover losses that may occur as a result of special sales tax-defaulted property.

The County is legally required to maintain a minimum balance of 1% of the annual taxes levied on properties participating in the Teeter Plan. The County has set aside \$9,475,275 as resources for delinquent sale shortfalls. The County’s management believes that any ownership rights to the TLRF the County may have are effective only upon a Board approved transfer or to the extent of losses related to the sale of tax defaulted property. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the County’s Teeter Plan and accounted for in an agency fund.

R. **Grant Revenues**

Certain grant revenues are recognized when specific related expenditures have been incurred. Cash received prior to incurrence of the related expenditure is recorded as unearned revenue. In other grant programs, monies are virtually unrestricted as to purpose of expenditure and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if susceptible to accrual criteria is met.

S. **Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds – By Character
 - Current (further classified by function)
 - Debt Service
 - Capital Outlay
- Proprietary Fund – By Operating and Nonoperating

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies** (continued)

T. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

U. New Accounting Pronouncements

The following new accounting standards were implemented in this fiscal year:

Government Accounting Standards Board Statement No. 72

GASB Statement No. 72, *Fair Value Measurement and Application*, is effective for periods beginning after June 15, 2015. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements.

Government Accounting Standards Board Statement No. 73

GASB Statement No. 73, *Accounting for the Financial Reporting for Pension and Related Assets That are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*, is effective for periods beginning after June 15, 2015 except those provisions that address employers and government nonemployer contributing entities for pensions that are not within the scope of GASB 68, which are effective for fiscal years beginning after June 15, 2016. The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees, both active employees and inactive employees, are provided with pensions that are not within the scope of Statement No. 68, *Accounting and financial Reporting for Pensions*, as amended. One aspect of that objective is to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. An additional objective of this Statement is to improve the information provided in government financial reports about financial support provided by certain nonemployer entities for pensions that are provided to the employees of other entities and that are not within the scope of Statement 68.

Government Accounting Standards Board Statement No. 76

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, is effective for periods beginning after June 15, 2017. The objective of this Statement is to clarify the hierarchy of generally accepted accounting principles (GAAP), and reduce the GAAP hierarchy to two catalogues of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that accounting treatment for a transaction or other event is not specified within the scope of authoritative GAAP.

V. Future Accounting Pronouncements

The following accounting standards will be effective in future periods and their affect on the County's financial statements has not yet been determined.

Government Accounting Standards Board Statement No. 74

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, is effective for periods beginning after June 15, 2016.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies** (continued)

V. **Future Accounting Pronouncements** (continued)

Government Accounting Standards Board Statement No. 75

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*, is effective for periods beginning after June 15, 2017.

Government Accounting Standards Board Statement No. 77

GASB Statement No. 77, *Tax Abatement Disclosures*, is effective for periods beginning after December 15, 2015.

Government Accounting Standards Board Statement No. 78

GASB Statement No. 78, *Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, is effective for periods beginning after December 15, 2015.

Government Accounting Standards Board Statement No. 79

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, is effective for periods beginning after December 15, 2015.

Government Accounting Standards Board Statement No. 80

GASB Statement No. 80, *Blending Requirements for Certain Component Units*, is effective for periods beginning after June 15, 2016.

Government Accounting Standards Board Statement No. 81

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, is effective for periods beginning after December 15, 2016.

Government Accounting Standards Board Statement No. 82

GASB Statement No. 82, *Pension Issues*, is effective for periods beginning after June 15, 2016, except for the requirements of the Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Note 2: **Cash and Investments**

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. The investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield and public trust. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the Board of Supervisors each quarter. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 2: **Cash and Investments** (continued)

The County sponsored investment pool includes both internal and external participants. The portion of the pool attributable to external pool participants, which are considered involuntary participants, are included in the reporting entity as an Investment Trust Fund which does not have separate financial reports. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. The net position value of involuntary participation in the investment pool totaled \$58,260,470 at June 30, 2016.

As of June 30, 2016, the County's cash and investments are reported in the financial statements as follows:

Primary government	\$ 111,783,788
Investment trust fund	58,260,470
Agency funds	11,769,805
Private purpose	58,072
Total Cash and Investments	<u>\$ 181,872,135</u>

As of June 30, 2016, the County's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 155,207
Imprest cash	10,565
Deposits (less outstanding warrants)	<u>13,457,809</u>
Total Cash	<u>13,623,581</u>
Investments:	
In Treasurer's pool	<u>168,248,554</u>
Total Investments	<u>168,248,554</u>
	<u>\$ 181,872,135</u>

Cash

Custodial Credit Risk for Deposits – Custodial Credit Risk is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The County's investment policy requires that deposits in banks must meet the requirements of California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the County's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits of more than the \$250,000 insured amounts are collateralized. The County's investment policy does not further limit its deposits.

Investments

As of June 30, 2016, the County had the following investments:

	Interest Rates	Maturities	Par	Fair Value	Carrying Value	WAM (Years)
Investments in Investment Pool						
Negotiable CDs	variable	12/17/2015 - 1/30/2017	\$ 57,000,000	\$ 56,967,565	\$ 57,019,908	0.62
Commercial Paper	0.59%	7/1/2016	10,000,000	9,993,800	9,990,003	-
Federal Agency	0.55%	7/12/2016	10,000,000	10,002,700	10,000,000	0.03
Medium Term Corporate Notes	variable	7/25/2016 - 5/15/2018	55,300,000	55,493,919	55,508,624	0.68
Local Agency Investment Fund (LAIF)	variable	on demand	35,730,019	35,730,019	35,730,019	-
Total Treasurer's Pooled Investments			<u>\$ 168,030,019</u>	<u>\$ 168,188,003</u>	<u>\$ 168,248,554</u>	

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 2: Cash and Investments (continued)

Investments (continued)

Interest Rate Risk – Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the maturity of its investments to 5 years or less. Of the investments in the County's investment pool, over 38 percent of the investments have a maturity of one year or less. Of the remainder, none have a maturity of more than 5 years.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law and County investment policy limit investments in commercial paper to the rating of A1 or better by Standards & Poor's or P-1 or better by Moody's Investors Service; corporate bonds to the rating of A or better by both Standard & Poor's and Moody's Investors Service. No limits are placed on U.S. government securities. The County's investment policy does not further limit its investment choices.

Investment Type	Credit Rating	Fair Value	Percent of Pool
Commercial Paper	A1	\$ 9,993,800	5.94%
Negotiable Certificates of Deposit	A1	23,963,760	14.25%
	A+	9,002,900	5.35%
	A	9,000,000	5.35%
	AA-	9,999,400	5.95%
	AA3	5,001,505	2.97%
	A1	10,002,700	5.95%
Medium Term Notes	A3	5,001,850	2.97%
	A1	11,002,670	6.54%
	A2	10,787,191	6.41%
	AA-	28,702,208	17.07%
Local Agency Investment Fund	Unrated	35,730,019	21.25%
		<u>\$ 168,188,003</u>	<u>100.00%</u>

Custodial Credit Risk – Custodial Credit Risk is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the County requires that all of its managed investments be held in the name of the County. The County's investment policy does not further limit the exposure to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law restricts the County's investments in commercial paper to 40% of its investment pool and to 10% per issuer and corporate bonds and medium term notes to 30% of its investment pool and to 10% per issuer and, banker's acceptances to 15% of its investment pool and to 10% per issuer. Approximately 21.25% of the County's investments at year-end are in the State of California Local Agency Investment Fund (LAIF). There is no limitation on amounts invested in these types of issues. At June 30, 2016 the County held the following concentration percentages and amounts by issuer: 5.94% (\$9,993,800), Anglesea Funding; 5.95% (\$10,002,700), Federal Home Loan Bank; 5.95% (\$9,999,400), Svenska NY YCD; 5.35% (\$9,000,000), Credit Suisse NY FR.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 2: **Cash and Investments** (continued)

Investments (continued)

Investment in Local Agency Investment Fund – The County of Lake is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. At June 30, 2016, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$35,730,019, which approximates fair value and is the same as the value of the pool shares. The total amount, invested by all public agencies in LAIF on that day was \$75.4 billion. Of that amount 97.19% is invested in non-derivative financial products and 2.81% in structured notes and asset-backed securities. The value of the pool shares in LAIF is determined on an amortized cost basis, which approximates fair value. The Local Investment Advisory Board, which consists of five members, designated by the State statutes, has oversight responsibility for LAIF.

County Investment Pool Condensed Financial Information

The following are condensed statements of net position and changes in net position for the Treasurer's pool at June 30, 2016:

	Internal Participants	External Participants	Total Pool
Statement of Net Position			
Cash on hand	\$ 155,207	\$ --	\$ 155,207
Deposits (less outstanding warrants)	13,080,472	--	13,080,472
Investments	109,988,084	58,260,470	168,248,554
	<u>\$ 123,223,763</u>	<u>\$ 58,260,470</u>	<u>\$ 181,484,233</u>
Statement of Changes in Net Position			
Net position held for pool participants at July 1, 2015	\$ 110,131,847	\$ 46,003,770	\$ 156,135,617
Net changes in investments by pool participants	13,091,916	12,256,700	25,348,616
Net position held for pool participants at June 30, 2016	<u>\$ 123,223,763</u>	<u>\$ 58,260,470</u>	<u>\$ 181,484,233</u>

Restricted Cash and Investments

Restricted cash and investments of \$0 are held for future obligations for the Lake County Housing Commission. \$1,983,370 is held for realignment funding in the General Fund, and \$5,549,364 held to fund future closure costs on the County's landfill. See Note 7 for additional information.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 2: **Cash and Investments** (continued)

Investments (continued)

Fair Value Measurement

The Pool categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The pool has the following recurring fair value measurements as of June 30, 2016:

	Total	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Asset backed securities	\$ 9,993,800	\$ 9,993,800	\$ -	\$ -
Federal agency obligations	10,002,700	10,002,700	-	-
Medium term corporate notes	55,493,919	55,493,919	-	-
Negotiable CD	56,967,565		56,967,565	-
Total investments measured at fair value	132,457,984	\$ 75,490,419	\$ 56,967,565	\$ -
Investments measured at amortized cost				
California Local Agency Investment Fund (LAIF)	35,730,019			
Total pooled and directed investments	<u>\$ 168,188,003</u>			

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 3: Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Retirements	Adjustments/ Transfers	Balance June 30, 2016
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 23,688,365	\$ 38,402	\$ (580,000)	\$ --	\$ 23,146,767
Construction in progress	11,748,184	8,642,004	--	--	20,390,188
Total Capital Assets, Not Being Depreciated	35,436,549	8,680,406	(580,000)	--	43,536,955
Capital Assets, Being Depreciated:					
Buildings and improvements	72,364,148	1,169,347	(54,949)	--	73,478,546
Equipment	25,584,885	2,808,316	(228,358)	(35,399)	28,129,444
Infrastructure	193,815,244	1,015,975	(318,605)	--	194,512,614
Total Capital Assets, Being Depreciated	291,764,277	4,993,638	(601,912)	(35,399)	296,120,604
Less Accumulated Depreciation for:					
Buildings and improvements	(26,946,449)	(1,461,014)	28,851	--	(28,378,612)
Equipment	(18,532,920)	(1,663,520)	228,358	35,399	(19,932,683)
Infrastructure	(125,491,154)	(5,372,030)	275,436	--	(130,587,748)
Total Accumulated Depreciation	(170,970,523)	(8,496,564)	532,645	35,399	(178,899,043)
Total Capital Assets, Being Depreciated, Net	120,793,754	(3,502,926)	(69,267)	--	117,221,561
Governmental Activities Capital Assets, Net	\$ 156,230,303	\$ 5,177,480	\$ (649,267)	\$ --	\$ 160,758,516
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 742,356	\$ --	\$ --	\$ --	\$ 742,356
Construction in progress	--	21,450	--	--	21,450
Total Capital Assets, Not Being Depreciated	742,356	21,450	--	--	763,806
Capital Assets, Being Depreciated:					
Buildings and improvements	1,544,208	--	--	--	1,544,208
Equipment	3,341,412	787,160	(5,830)	35,399	4,158,141
Infrastructure	3,794,600	--	--	--	3,794,600
Total Capital Assets, Being Depreciated	8,680,220	787,160	(5,830)	35,399	9,496,949
Less Accumulated Depreciation for:					
Buildings and improvements	(508,784)	(30,305)	--	--	(539,089)
Equipment	(2,866,870)	(126,966)	5,830	(35,399)	(3,023,405)
Infrastructure	(570,042)	(75,892)	--	--	(645,934)
Total Accumulated Depreciation	(3,945,696)	(233,163)	5,830	(35,399)	(4,208,428)
Total Capital Assets, Being Depreciated, Net	4,734,524	553,997	--	--	5,288,521
Business-Type Activities Capital Assets, Net	\$ 5,476,880	\$ 575,447	\$ --	\$ --	\$ 6,052,327

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 3: **Capital Assets** (continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$	686,246
Public Protection		830,621
Public Ways & Facilities		2,152,125
Health & Sanitation		3,956,128
Public Assistance		252,052
Education		33,154
Recreation & Culture		188,519
Internal service fund depreciation expense is charged to specific functions based on asset usage		397,719
Total Depreciation Expense - Governmental Functions	\$	<u>8,496,564</u>

Depreciation expense was charged to business-type functions as follows:

Solid Waste	\$	233,163
Total Depreciation Expense - Business-Type Functions	\$	<u>233,163</u>

Construction in Progress

Construction in progress for governmental activities related to work performed on the Jail Expansion Project, various park improvements throughout the County, multiple bridge and road projects throughout the County, the Middletown Library/Senior Center, and special districts plant improvements.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 4: Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

Type of Indebtedness	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Amount Due Within One Year
Governmental Activities					
Special assessment bonds					
with County commitment	\$ 249,000	\$ --	\$ 57,000	\$ 192,000	\$ 61,000
Revenue bonds	4,325,000	--	90,000	4,235,000	95,000
Loans payable	7,994,150	--	1,477,081	6,517,069	1,149,117
Certificates of participation	2,496,996	--	46,400	2,450,596	48,500
Compensated absences (Note 1M)	3,220,205	4,613,885	4,342,374	3,491,716	455,853
Total Governmental Activities	\$ 18,285,351	\$ 4,613,885	\$ 6,012,855	\$ 16,886,381	\$ 1,809,470
Business-Type Activities					
Closure/post closure (Note 7)	\$ 5,549,364	\$ 4,845,547	\$ --	10,394,911	\$ --
Corrective action	176,403	2,471,613	--	2,648,016	--
	<u>5,725,767</u>	<u>7,317,160</u>	<u>--</u>	<u>13,042,927</u>	<u>--</u>
Solid Waste Management					
Compensated absences	66,031	72,619	70,199	68,451	12,210
Total Business-Type Activities	\$ 5,791,798	\$ 7,389,779	\$ 70,199	\$ 13,111,378	\$ 12,210

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. Estimated claims are liquidated by charges for services collected through individual internal service funds. The capital lease liability is liquidated by lease payments made by the departments leasing the equipment. Compensated absences for the governmental activities are generally liquidated by the fund where the accrued liability occurred.

Special assessment bonds with County commitment are not a direct responsibility of the County. Principal and interest payments are funded from the collection of special assessments and are accounted for in the Sanitation District's component unit special revenue fund. The County is obligated for special assessment debt only to the extent of special assessments collected.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 4: Long-Term Liabilities (continued)

At June 30, 2016, special assessment bonds with County Commitment consisted of the following:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2016</u>
Special Assessment Bonds:						
Sanitation District #1-5 1915 Act		7/2/2019	5.00%	\$55,000 - \$67,000	\$ 1,340,000	<u>\$ 192,000</u>

At June 30, 2016, revenue bonds consisted of the following:

	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2016</u>
Revenue Bonds					
Southeast Regional Wastewater Revenue Bonds, Series, 2011	7/15/2040	2.000% - 5.875%	\$95,000 - \$300,000	4,500,000	<u>\$ 4,235,000</u>
<i>Used to finance construction and improvements of the Southeast Regional Wastewater System.</i>					

At June 30, 2016, loans payable consisted of the following:

	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2016</u>
Loans Payable					
Safe Drinking Water Loan	9/30/2023	3.2205%	\$179,224 - \$224,266	\$ 4,387,769	\$ 1,430,463
<i>Used to finance the cost of correcting deficiencies in the domestic water supply for the Lake County Service Area #20 Soda Bay.</i>					
State Water Resources Control Board Loan	6/30/2018	2.80%	\$467,682 - \$507,585	7,636,443	1,001,823
<i>Used to finance the upgrade to the Southeast Regional Wastewater Treatment Plant and construction of the Southeast Geyser's Effluent Pipeline.</i>					
State Sewer Revolving Loan	1/31/2023	1.60%	\$397,213 - \$475,354	9,263,406	3,085,154
<i>Used to finance the upgrade to the Northwest Regional Wastewater Treatment Plant, construction of a force main and aerated lagoons, and installment of a disinfection system on SCADA system.</i>					
State Water Resources Control Board Loan	12/31/2030	1.0%	\$61,486 - \$71,383	1,299,753	<u>999,629</u>
<i>Used to upgrade the Kelseyville Water Works District Wastewater System.</i>					
					<u>\$ 6,517,069</u>

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 4: Long-Term Liabilities (continued)

At June 30, 2016, certificates of participation consisted of the following:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2016</u>
Certificates of Participation						
Kelseyville County Waterworks						
District #3 - Water Project						
Series 2005		4/1/2045	4.25%	\$35,900 - \$110,600	\$ 2,394,800	\$ 1,832,396
<i>Used to finance the construction of water system improvements.</i>						
County Service Area #6, Finley						
Water - Water Project Series 2005		4/1/2045	4.375%	\$10,500 - \$36,400	714,000	618,200
<i>Used to finance the construction of water system improvements.</i>						<u>\$ 2,450,596</u>

At June 30, 2016, the annual debt service requirements were summarized as follows:

Governmental Activities

Special Assessment Bonds

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 61,000	\$ 8,075	\$ 69,075
2018	64,000	4,950	68,950
2019	67,000	1,675	68,675
Total	<u>\$ 192,000</u>	<u>\$ 14,700</u>	<u>\$ 206,700</u>

Loans Payable and Revenue Bonds Payable

<u>Year Ended June 30</u>	<u>Loans</u>			<u>Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,149,117	\$ 162,762	\$ 1,311,879	\$ 95,000	\$ 224,181	\$ 319,181
2018	1,179,599	131,786	1,311,385	95,000	221,153	316,153
2019	689,719	99,870	789,589	100,000	217,675	317,675
2020	707,864	81,725	789,589	105,000	213,700	318,700
2021	924,423	81,457	1,005,880	105,000	209,500	314,500
2022-2026	1,724,292	72,239	1,796,531	605,000	970,850	1,575,850
2027-2031	142,055	2,134	144,189	770,000	797,400	1,567,400
2032-2036	--	--	--	1,010,000	551,325	1,561,325
2037-2041	--	--	--	1,350,000	207,094	1,557,094
Total	<u>\$ 6,517,069</u>	<u>\$ 631,973</u>	<u>\$ 7,149,042</u>	<u>\$ 4,235,000</u>	<u>\$ 3,612,878</u>	<u>\$ 7,847,878</u>

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 4: **Long-Term Liabilities** (continued)

Governmental Activities (continued)

Certificates of Participation

Year Ended June 30	Principal	Interest	Total
2017	\$ 48,500	\$ 114,851	\$ 163,351
2018	50,600	112,776	163,376
2019	52,700	110,611	163,311
2020	55,000	108,357	163,357
2021	57,300	106,004	163,304
2022-2026	325,300	491,122	816,422
2027-2031	401,300	415,267	816,567
2032-2036	494,600	321,764	816,364
2037-2041	610,000	206,483	816,483
2042-2045	355,296	64,318	419,614
Total	<u>\$ 2,450,596</u>	<u>\$ 2,051,553</u>	<u>\$ 4,502,149</u>

Rebatable Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The County does not expect to incur a liability for rebatable arbitrage.

Note 5: **Net Position/Fund Balances**

Net Position

Net investment in capital assets was comprised of the following:

	Governmental Activities	Business-Type Activities
Capital assets net of accumulated depreciation	\$ 160,758,516	\$ 6,052,327
Outstanding principal of capital-related debt	(13,394,666)	--
Net position, net investment in capital assets	<u>\$ 147,363,850</u>	<u>\$ 6,052,327</u>

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 5: Net Position/Fund Balances (continued)

Fund Balances

Details of the fund balance classifications of the governmental funds as of June 30, 2016 are as follows:

	General Fund	Housing Programs	Social Services	Health Programs	Disaster Response & Recovery	Other Governmental Funds	Totals
Nonspendable:							
Advances to other funds	\$ 6,848,773	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,848,773
Inventory	-	-	-	-	-	112,159	112,159
Total Nonspendable	<u>6,848,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,159</u>	<u>6,960,932</u>
Restricted for:							
General government	2,042,576	-	-	-	-	-	2,042,576
Public protection	-	-	-	-	814,927	9,408,735	10,223,662
Public assistance	-	5,667,623	5,615,527	-	-	2,039,992	13,323,142
Health and sanitation	-	-	-	408,150	-	11,287,650	11,695,800
Public ways and facilities	-	-	-	-	-	15,649,355	15,649,355
Education	-	-	-	-	-	324,915	324,915
Recreation	-	-	-	-	-	112,972	112,972
Debt service	-	-	-	-	-	8,369,323	8,369,323
Capital projects	-	-	-	-	-	29,636	29,636
Total Restricted	<u>2,042,576</u>	<u>5,667,623</u>	<u>5,615,527</u>	<u>408,150</u>	<u>814,927</u>	<u>47,222,578</u>	<u>61,771,381</u>
Assigned to:							
General reserve	7,000,000	-	-	-	-	-	7,000,000
Infrastructure	2,165,670	-	-	-	-	-	2,165,670
General government	796,188	-	-	-	-	26,005	822,193
Jail expansion	-	-	-	-	-	1,993,672	1,993,672
Transfer in	-	-	-	-	-	2,452,575	2,452,575
Total Assigned	<u>9,961,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,472,252</u>	<u>14,434,110</u>
Unassigned	<u>8,807,500</u>					<u>(10,001)</u>	<u>8,797,499</u>
Total Fund Balances	<u>\$27,660,707</u>	<u>\$5,667,623</u>	<u>\$5,615,527</u>	<u>\$ 408,150</u>	<u>\$ 814,927</u>	<u>\$51,796,988</u>	<u>\$ 91,963,922</u>

Note 6: Leases

Operating Leases

The County leases office buildings and equipment under non-cancellable operating leases. Total cost for these leases was \$1,019,283 for the year ended June 30, 2016. The future minimum lease payments are as follows:

Year Ended June 30	Principal
2017	\$ 626,910
2018	283,544
2019	206,077
2020	194,527
2021	194,527
2022-2026	972,635
2027-2031	972,635
2032	<u>97,264</u>
Total	<u>\$ 3,548,119</u>

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 7: Closure/Post Closure

The County of Lake has one landfill and one transfer station. State and Federal laws and regulations require the County to perform certain closure and post-closure maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and post-closure care costs as an expenditure in each year based on landfill capacity used as of each balance sheet date. The \$13,042,927 reported as closure/post-closure and corrective action costs liability at June 30, 2016, represents the cumulative amount reported to date based on the use of 83.80 percent of total estimated site capacity. The estimated remaining life of the landfill is 9 years.

The liability increased by \$7,317,160 during the fiscal year ended June 30, 2016. This was mainly due to new regulations that required the use of prevailing wage in the calculation of the liability. These amounts are based on what it would cost to perform all closure and post-closure care in 2016. Actual costs may be higher due to inflation, change in technology, or changes in regulations.

The County is required by State and Federal laws and regulations to provide financial assistance that appropriate resources will be available to finance closure and post-closure care costs in the future. At June 30, 2016, cash and investments of \$5,549,364 were held to fund closure costs and are reported as restricted cash on the Solid Waste Management's financial statements.

The County has approved a pledge of revenue to fund the post-closure costs. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

Note 8: Interfund Transactions

Advances To/From Other Funds

The following are advances to/from other funds as of June 30, 2016:

Receivable Fund	Payable Fund	Amount
General fund	RDA Successor Agency	\$ 4,890,901
	Other Governmental Funds	1,957,872
		<u>6,848,773</u>
Other Governmental Funds	Other Governmental Funds	20,033
	RDA Successor Agency	287,773
		<u>307,806</u>
		<u>\$ 7,156,579</u>

General fund advances were made to fund road improvement projects, and for the Hill Road Jail construction project. Other governmental fund advances were made to fund economic development and the supplemental education revenue augmentation obligation.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 8: **Interfund Transactions** (continued)

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service. The following are the interfund transfers for the fiscal year ended June 30, 2016:

Transfer From	Transfer To	Amount
General Fund	Health Services	\$ 118,222
	Disaster Response & Recovery	2,150,000
	Other Governmental Funds	1,903,383
		<u>4,171,605</u>
Social Services	Housing	35,000
		<u>35,000</u>
Other Governmental Funds	General Fund	1,000,000
	Social Services	20,462
	Other Governmental Funds	370,675
		<u>1,391,137</u>
		<u>\$ 5,597,742</u>

Note 9: **Employees' Retirement Plan**

General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the County's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and County's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 9: Employees' Retirement Plan (continued)

General Information about the Pension Plans (continued)

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2%	2%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	13.934%	13.934%

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	57
Monthly benefits, as a % of eligible compensation	2%	2.7%
Required employee contribution rates	9.00%	10.75%
Required employer contribution rates	20.614%	20.614%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

The County's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 9: **Employees' Retirement Plan** (continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Table 7

	Miscellaneous	Safety
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds	
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 9: **Employees' Retirement Plan** (continued)

Net Pension Liability (continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11 + (b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 9: **Employees' Retirement Plan** (continued)

Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<u>Miscellaneous Plan</u>			
Balance at June 30, 2014	\$ 196,446,613	\$ 163,141,674	\$ 33,304,939
Change in the year:			
Service cost	4,840,649	-	4,840,649
Interest on total pension liability	14,514,517	-	14,514,517
Changes of assumptions	(2,572,483)	648,042	(3,220,525)
Differences between expected and actual experience	(1,596,171)	-	(1,596,171)
Plan to plan resource movement	-	3,012	(3,012)
Contributions - employer	-	5,428,168	(5,428,168)
Contributions - employee	-	2,182,847	(2,182,847)
Net investment income	-	3,688,340	(3,688,340)
Benefit payments, including refunds of employee contributions	(9,932,033)	(9,932,033)	-
Administrative expenses	-	(185,557)	185,557
Net changes	5,254,479	1,832,819	3,421,660
Balance at June 30, 2015	\$ 201,701,092	\$ 164,974,493	\$ 36,726,599
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<u>Safety Plan</u>			
Balance at June 30, 2014	\$ 80,455,606	\$ 64,468,555	\$ 15,987,051
Change in the year:			
Service cost	1,988,051	-	1,988,051
Interest on total pension liability	5,942,232	-	5,942,232
Changes of assumptions	(1,563,422)	-	(1,563,422)
Differences between expected and actual experience	(155,283)	-	(155,283)
Contributions - employer	-	1,588,960	(1,588,960)
Contributions - employee	-	789,111	(789,111)
Net investment income	-	1,432,813	(1,432,813)
Benefit payments, including refunds of employee contributions	(4,109,383)	(4,109,383)	-
Administrative expenses	-	(72,138)	72,138
Net changes	2,102,195	(370,637)	2,472,832
Balance at June 30, 2015	\$ 82,557,801	\$ 64,097,918	\$ 18,459,883

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 9: **Employees' Retirement Plan** (continued)

Changes in the Net Pension Liability (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the County for each Plan, calculated using the discount rate for each Plan, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.65%	6.65%
Net Pension Liability	62,137,519	30,445,098
Current Discount Rate	7.65%	7.65%
Net Pension Liability	36,726,599	18,459,883
1% Increase	8.65%	8.65%
Net Pension Liability	15,551,706	8,731,552

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the County recognized pension expense of \$3,890,628. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,501,547	\$ --
Change in assumptions	--	(3,426,394)
Differences between expected and actual experience	--	(1,182,424)
Net difference between projected and actual earnings on plan investments	--	(2,062,885)
Total	<u>\$ 6,501,547</u>	<u>\$ (6,671,703)</u>

The County reported \$6,501,547 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2017	\$ (3,556,424)
2018	(3,556,424)
2019	(1,906,758)
2020	2,347,903
	<u>\$ (6,671,703)</u>

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 10: **Other Post-Employment Benefits (OPEB)**

Plan Description

The County sponsors medical coverage to be provided through an agent multiple-employer Healthcare plan. The County arranges health insurance coverage for employees from either of two carriers that include the California State Association of Counties (CSAC) EIA Health Program or the California Public Employees Medical and Hospital Care Act (PEMHCA). Both carriers provide health insurance through a variety of Health Maintenance Organizations (HMO) and Preferred Provider Organization (PPO) options.

Participation in the chosen healthcare plan is through a flexible benefits plan, with contributions made to the plan of up to \$800 per month for active employees. This amount includes the \$125 per month required by PEMHCA. Dental, vision and life insurance are also available and are included in the \$800 per month County contribution maximum. Copies of PERS' annual financial report may be obtained from their executive office – 400 P Street, Sacramento, CA 95814. CSAC EIA's annual financial report may be obtained by contacting them at the Office of the Chief Financial Officer, 75 Iron Point Circle, Suite 200, Folsom, California 95630.

The County extends health coverage to its retirees. The County makes the required statutory PEMHCA contribution and other monthly insurance stipends as described below for retirees that chose to continue coverage within the County plan offerings.

Retirees who have completed at least 15 continuous years of service with the County at the time of retirement are eligible for County stipend of 50% of the retiree-only medical premium depending on the health insurance option selected by the retiree. Retirees who have completed at least 20 continuous years of service at retirement are eligible for a 75% of the retiree-only medical premium depending on the health insurance option selected by the retiree. County contribution ceases at age 65 or upon death of retiree, if earlier. For those retirees covered by the PEMHCA plans, the statutory amount required continues beyond age 65 as required by law. Retirees may choose spousal and/or dependent child coverage; however, there is no County contribution for this coverage or for dental/vision coverage of either the retiree or dependents.

Funding Policy

As required by GASB 45, an actuary will determine the County's Annual Required Contribution (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years.

GASB 45 does not required pre-funding of OPEB benefits. Therefore, the County's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The County has elected not to establish an irrevocable trust at this time. The Board of Supervisors reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the County.

Annual OPEB Cost and Net OPEB Obligation/(Asset)

The following table shows the components of the County's Annual OPEB Cost for the year ended June 30, 2016, the amount actually contributed to the plan, and changes in the County's Net OPEB Obligation/(Asset). The OPEB liability has substantially decreased as a result of the termination of CalPERS health insurance for all but one employee group. This has eliminated the statutory lifetime minimum benefits as required under CalPERS health.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 10: Other Post-Employment Benefits (OPEB) (continued)

Annual OPEB Cost and Net OPEB Obligation/(Asset) (continued)

Annual Required Contribution	\$ 1,129,505
Interest on Net OPEB Obligation/(Asset)	279,121
Adjustment to Annual Required Contributions	(403,539)
Annual OPEB Cost (Expense)	<u>1,005,087</u>
Contributions Made	(327,930)
Increase to Net OPEB Obligations/(Asset)	<u>677,157</u>
Net OPEB Obligation/(Asset) - Beginning of Year	<u>6,978,014</u>
Net OPEB Obligation/(Asset) - End of Year	<u>\$ 7,655,171</u>

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) for the fiscal year ended June 30, 2016 and the two prior fiscal years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
June 30, 2014	\$ 834,313	\$ 302,442	36.25%	\$ 6,459,459
June 30, 2015	855,587	337,032	39.39%	6,978,014
June 30, 2016	1,005,087	327,930	32.63%	7,655,171

Funded Status and Funding Progress

The funded status of the plan as of the most recent three actuarial valuations, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Projected Unit Credit Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2011	\$ -	\$ 6,395,104	\$ 6,395,104	0.00%	\$ 38,444,213	16.63%
July 1, 2013	-	8,147,482	8,147,482	0.00%	39,227,069	20.77%
July 1, 2015	-	9,716,810	9,716,810	0.00%	40,216,178	24.16%

Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contributions of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information (as it becomes available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 10: **Other Post-Employment Benefits (OPEB)** (continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The plan's most recent actuarial valuation was performed as of July 1, 2015. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 4 percent. These assumptions reflect an implicit 3.0 percent general inflation assumption. The County's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 30 years. The remaining amortization period as of June 30, 2016 was 24 years.

Note 11: **Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has Risk Management Funds (Internal Service Funds) to finance its insured and uninsured risks of loss. The County's uninsured risk of loss for public liability claims is \$10,000 per occurrence; the County is fully insured for workers' compensation losses and the County is fully self-insured for all unemployment claims. The County is a member of the County Supervisors Association of California Excess Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for counties. The County pays annual premiums to the Authority for insurance coverage.

Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

Actual claims unpaid as of June 30, 2016, including any estimates for incurred but not reported (IBNR) amounts, constitute claims payable. The claims liability at June 30, 2016, was as follows:

Unemployment	\$ 140,820
Public Liability	<u>569,023</u>
Total	<u>\$ 709,843</u>

All funds of the County participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The claims liability of \$709,843 reported in the funds at June 30, 2016, is based on the requirements of Governmental Accounting Standards Board Statement No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Estimates of the liabilities for incurred (both reported and unreported), but unpaid claims are actuarially determined. Liabilities are based on the estimated cost of settling the claims.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 11: **Risk Management** (continued)

Changes in the County's claims liability amount for the fiscal years 2014, 2015, and 2016 were as follows:

<u>Year Ended</u>	<u>Beginning of Fiscal Year</u>	<u>Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year</u>
2014	\$ 696,667	\$ 853,789	\$ 863,393	\$ 706,271
2015	706,271	1,161,186	1,128,929	674,014
2016	674,014	1,599,370	1,635,199	709,843

The ultimate settlement of specific claims against the County cannot presently be determined and no provision for any other liability that may result has been made in the financial statements.

During the year ended June 30, 2016, the County received insurance proceeds in the amount of \$2,196,890 that are included in other revenues on the statement of revenues, expenditures and changes in fund balances governmental funds and miscellaneous revenues on the statement of activities.

Note 12: **Stewardship, Compliance, and Accountability**

Deficit Fund Balance/Net Position

As of June 30, 2016, the following fund had a deficit fund balance/net position:

	<u>Deficit</u>
Child Support	\$ 10,001

The Child Support fund deficit is due to expenditures in excess of revenues. This deficit will be funded by future revenues.

Note 13: **Other Information**

A. Construction Commitments

The County has signed agreements to construct various capital improvement projects that were not completed by June 30, 2016. The balance owed on these commitments at June 30, 2016 was approximately \$10,300,845. The cost of these commitments will be financed by monies that have been set aside for those specific capital improvement projects.

COUNTY OF LAKE

Notes to Basic Financial Statements For the Year Ended June 30, 2016

Note 13: **Other Information** (continued)

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. In the aggregate, these claims seek monetary damages in significant amounts. However, in the opinion of County Counsel, final disposition should not materially adversely affect the financial position of the County, since the legal matters are covered by the County's liability program which, subject to a \$10,000 deductible per occurrence, provides complete coverage for any County liability losses. Therefore, no provision has been made in the financial statements for a loss contingency.

The County has received cease and desist orders on water and wastewater special districts. The action required to correct these situations will require future application of funding and or debt as well as capital outlay expenditures. There is not an estimate at this time of the eventual cost to the County. Therefore, no provision has been made in the financial statements.

Note 14: **Subsequent Events**

Management has evaluated events subsequent to June 30, 2016 through February 23, 2017, the date on which the financial statements were available for issuance. Management has determined that there were no subsequent events, other than the following that require disclosure in these financial statements.

During the summer of 2016 Lake County experienced another significant fire disaster, named the Clayton Fire. This fire destroyed over 200 homes and outbuildings in the town of Lower Lake and surrounding areas. Current cost estimates for County general fund response and recovery efforts are in excess of \$500,000. The property tax base in the impacted areas will result in current and ongoing loss of property tax revenues in that area.

REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF LAKE

Required Supplementary Information For the Year Ended June 30, 2016

SCHEDULE OF CHANGE IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years*

	Miscellaneous Plans		Safety Plans	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Total Pension Liability				
Service Cost	\$ 4,840,649	\$ 4,826,101	\$ 1,988,051	\$ 2,113,941
Interest on total pension liability	14,514,517	13,855,172	5,942,232	5,666,380
Changes of assumptions	(2,572,483)	-	(1,563,422)	-
Differences between expected and actual experience	(1,596,171)	-	(155,283)	-
Benefit payments, including refunds of employee contributions	(9,932,033)	(9,114,501)	(4,109,383)	(3,639,000)
Net change in total pension liability	5,254,479	9,566,772	2,102,195	4,141,321
Total pension liability - beginning	196,446,613	186,879,841	80,455,606	76,314,285
Total pension liability - ending	\$ 201,701,092	\$ 196,446,613	\$ 82,557,801	\$ 80,455,606
Plan fiduciary net position				
Plan to plan resource movement	3,012	\$ -	-	\$ -
Changes of assumptions	648,042	-	-	-
Contributions - employer	5,428,168	3,778,744	1,588,960	1,482,762
Contributions - employee	2,182,847	2,027,657	789,111	781,834
Net investment income	3,688,340	24,523,349	1,432,813	9,708,850
Benefit payments, including refunds of employee contributions	(9,932,033)	(9,114,501)	(4,109,383)	(3,639,000)
Administrative expense	(185,557)	-	(72,138)	-
Net change in plan fiduciary net position	1,832,819	21,215,249	(370,637)	8,334,446
Plan fiduciary net position - beginning	163,141,674	141,926,425	64,468,555	56,134,109
Plan fiduciary net position - ending	\$ 164,974,493	\$ 163,141,674	\$ 64,097,918	\$ 64,468,555
Net pension liability - ending	\$ 36,726,599	\$ 33,304,939	\$ 18,459,883	\$ 15,987,051
Plan fiduciary net percentage as a percentage of the total pension liability	81.79%	83.05%	77.64%	80.13%
Covered - employee payroll	\$ 32,882,926	\$ 31,401,502	\$ 8,539,737	\$ 8,551,542
Net pension liability as a percentage of covered-employee payroll	111.69%	106.06%	216.16%	186.95%

Notes to Schedule:

Benefit changes: In 2015, benefit terms were modified to base miscellaneous employee pensions on a final three-year average salary instead of a five-year average salary.

Change in assumptions: In 2015, amounts reported as change in assumptions resulted primarily from adjustments to expected retirement ages of miscellaneous employees.

*Fiscal year 2015 was the 1st year of implementation. Additional years will be presented as they become available.

COUNTY OF LAKE

Required Supplementary Information For the Year Ended June 30, 2016

SCHEDULE OF CONTRIBUTIONS

The table below shows an analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

Last 10 Fiscal Years*	Miscellaneous Plans		Safety Plans	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Actuarially determined contribution	\$ 4,175,867	\$ 3,915,688	\$ 1,588,960	\$ 1,482,762
Contributions related to the actuarially determined contribution	5,428,169	3,915,688	1,588,960	1,482,762
Contribution deficiency (excess)	<u>\$ (1,252,302)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 32,882,925	\$ 31,401,502	\$ 8,539,737	\$ 8,551,542
Contributions as a percentage of covered-employee payroll	16.51%	12.47%	18.61%	17.34%

*Fiscal year 2015 was the 1st year of implementation. Additional years will be presented as they become available.

Notes to schedule

Valuation date: 6/30/2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	For details, see June 30, 2014 Funding Valuation Report.
Asset valuation method	Actuarial value of assets. For details, see June 30, 2014 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative Expense; includes Inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
	Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

SCHEDULE OF FUNDING PROGRESS – OTHER POST-EMPLOYMENT BENEFITS

The table below presents historical analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial liability as a percentage of the annual covered payroll for the County:

Valuation Date	Projected Unit Credit Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
July 1, 2011	\$ 6,395,104	-	\$ 6,395,104	0.00%	\$ 38,444,213	16.63%
July 1, 2013	8,147,482	-	8,147,482	0.00%	39,227,069	20.77%
July 1, 2015	9,716,810	\$ -	9,716,810	0.00%	40,216,178	24.16%

COUNTY OF LAKE

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Resources (inflows):				
Taxes	\$ 26,857,854	\$ 26,041,900	\$ 28,586,373	\$ 2,544,473
Licenses and permits	131,100	119,700	135,317	15,617
Fines, forfeitures and penalties	927,300	927,300	941,437	14,137
Use of money and property	506,799	506,799	522,638	15,839
Intergovernmental	16,153,530	13,366,035	12,427,031	(939,005)
Charges for services	5,258,378	5,279,883	4,183,847	(1,096,036)
Other revenues	640,539	340,428	2,456,420	2,115,992
Amounts available for appropriation	<u>50,475,500</u>	<u>46,582,045</u>	<u>49,253,063</u>	<u>2,671,018</u>
Expenditures:				
Current:				
General Government:				
County Counsel	795,458	812,509	792,172	20,337
Registrar of Voters	705,967	741,065	671,179	69,886
Non Departmental	12,600	12,600	899,034	(886,434)
Auditor-Controller	949,927	981,437	907,531	73,906
Treasurer-Tax Collector	1,184,082	1,138,939	1,005,539	133,400
Assessor	1,145,949	1,141,424	1,045,858	95,566
Central Services	105,525	106,951	80,154	26,797
Disaster Response/Recovery	3,550,000	--	--	--
Board of Supervisors	441,749	471,983	456,454	15,529
Administrative Office	597,527	702,454	693,522	8,932
Public Works Admin	795,198	786,184	685,937	100,247
Information Technology	1,184,789	1,183,773	1,012,477	171,296
Engineering & Inspection	1,259,862	1,258,885	1,090,117	168,768
Clerk to Bd of Supervisor	83,199	103,823	96,006	7,817
Human Resources	670,610	693,207	634,647	58,560
Marketing & Econ Dvlpmnt	774,539	783,809	610,095	173,714
Buildings & Grounds	934,784	990,568	985,165	5,403
Plant Aquistion	1,533,430	1,973,224	1,352,793	620,431
Appropriation for contingencies	2,638,500	1,253,389	--	1,253,389
Total General Government	<u>19,363,695</u>	<u>15,136,224</u>	<u>13,018,681</u>	<u>2,117,543</u>

continued

COUNTY OF LAKE

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public Protection:				
Sheriff-Jail Facilities	\$ 8,890,109	\$ 8,144,233	\$ 7,605,346	\$ 538,887
Probation	3,704,585	3,945,501	3,447,119	498,382
Juvenile Home	1,743,614	976,593	961,269	15,324
Jail-Medical Services	1,938,531	1,938,531	1,765,388	173,143
Trial Courts	281,158	284,658	278,912	5,746
Grand Jurors	67,128	67,747	62,467	5,280
District Attorney	3,540,251	3,645,087	3,451,940	193,147
Public Defender	1,269,457	1,370,076	1,268,687	101,389
DA/Victim-Witness Program	388,809	373,509	309,916	63,593
Planning	1,108,455	1,087,936	1,061,999	25,937
Animal Care & Control	943,254	991,089	945,077	46,012
Emergency Services	249,493	355,976	133,491	222,485
Agricultural Commissioner	606,122	610,142	560,054	50,088
Sheriff-Coroner	7,814,494	8,355,949	8,241,442	114,507
Sheriff-Central Dispatch	1,269,680	1,202,791	1,121,935	80,856
Sh-Marijuana Suppression	194,000	194,000	189,749	4,251
Sheriff-Court Security	592,697	597,192	431,763	165,429
Sheriff-Marine Patrol	362,850	419,918	412,337	7,581
Recorder	264,771	255,928	232,579	23,349
Total Public Protection	35,229,458	34,816,856	32,481,471	2,335,385
Public Assistance:				
Senior Citizens Program	104,674	105,674	105,674	--
Veterans Services	259,081	274,402	268,067	6,335
Total Public Assistance	363,755	380,076	373,741	6,335
Education:				
UC Cooperative Extension	219,992	231,005	219,758	11,247
Total Education	219,992	231,005	219,758	11,247
Recreation and Culture:				
Museum	159,844	177,208	166,217	10,991
Parks & Recreation	1,656,446	1,693,538	1,486,325	207,213
Total Recreation and Culture	1,816,290	1,870,746	1,652,542	218,204

continued

COUNTY OF LAKE

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Capital Outlay:				
Auditor-Controller	\$ 15,740	\$ 15,740	\$ --	\$ 15,740
Treasurer-Tax Collector	--	46,770	42,091	4,679
Plant Aquisition	969,242	1,000,038	111,659	888,379
Engineering & Inspection	12,000	12,000	7,175	4,825
Information Technology	27,500	193,200	153,055	40,145
District Attorney	175,000	175,000	--	175,000
Sheriff-Central Dispatch	50,000	50,000	--	50,000
Sheriff-Coroner	39,665	111,665	111,664	1
Probation	--	62,000	--	62,000
Sheriff-Jail Facilities	156,500	286,000	104,035	181,965
Animal Care & Control	--	70,480	--	70,480
Emergency Services	51,601	207,097	96,846	110,251
Recorder	15,000	15,000	--	15,000
Parks & Recreation	1,566,205	1,613,518	1,169,176	444,342
Museum	14,000	14,000	--	14,000
Total Capital Outlay	<u>3,092,453</u>	<u>3,872,508</u>	<u>1,795,701</u>	<u>2,076,807</u>
Total expenditures	<u>60,085,643</u>	<u>56,307,415</u>	<u>49,541,894</u>	<u>6,765,521</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,610,143)</u>	<u>(9,725,370)</u>	<u>(288,831)</u>	<u>9,436,539</u>
Other Financing Sources (Uses)				
Transfers in	1,243,025	1,243,025	1,000,000	(243,025)
Transfers out	(1,036,414)	(4,178,351)	(4,171,605)	6,746
Proceeds from sale of capital assets	--	--	242,434	242,434
Total other financing sources (uses)	<u>206,611</u>	<u>(2,935,326)</u>	<u>(2,929,170)</u>	<u>6,156</u>
Net change in fund balance	(9,403,532)	(12,660,696)	(3,218,002)	9,442,694
Fund balances, beginning of year	<u>30,748,844</u>	<u>30,748,844</u>	<u>30,748,844</u>	<u>--</u>
Fund balances, end of year	<u>\$ 21,345,312</u>	<u>\$ 18,088,148</u>	<u>\$ 27,530,842</u>	<u>\$ 9,442,694</u>

continued

COUNTY OF LAKE

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2016

Reconciliation of Net Changes in Fund Balances - Budgetary to GAAP Basis:

Net Change in Fund Balances - Budgetary Basis \$ (3,218,002)

The amount reported in the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balance was different because:

Cumulative effect of reclassification of advances to and from other funds 129,865

Net Change in Fund Balances - Statement of Revenues, Expenditures, and Changes in Fund Balances \$ (3,088,137)

Reconciliation of Fund Balances - Budgetary to GAAP Basis:

Fund Balances - Ending - Budgetary Basis \$ 27,530,842

Cumulative effect of reclassification of advances to and from other funds 129,865

Fund Balances - Ending - Basis \$ 27,660,707

Indirect charges of \$1,707,885 are reported as revenues and expenditures for budgetary purposes but are eliminated for financial reporting purposes

COUNTY OF LAKE

Budgetary Comparison Schedule Housing Programs For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 1,700	\$ 1,700	\$ 2,126	\$ 426
Intergovernmental	200,873	200,873	250,677	49,804
Charges for services	18	18	6	(12)
Other revenues	19,567	19,567	--	(19,567)
Total revenues	<u>222,158</u>	<u>222,158</u>	<u>252,809</u>	<u>30,651</u>
Expenditures:				
Current:				
Public assistance	<u>786,022</u>	<u>829,762</u>	<u>359,605</u>	<u>470,157</u>
Total expenditures	<u>786,022</u>	<u>829,762</u>	<u>359,605</u>	<u>470,157</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(563,864)</u>	<u>(607,604)</u>	<u>(106,796)</u>	<u>500,808</u>
Other Financing Sources (Uses):				
Transfers in	<u>134,418</u>	<u>148,326</u>	<u>35,000</u>	<u>(113,326)</u>
Total other financing sources (uses)	<u>134,418</u>	<u>148,326</u>	<u>35,000</u>	<u>(113,326)</u>
Net change in fund balance	(429,446)	(459,278)	(71,796)	387,482
Fund balances, beginning of year	<u>5,739,419</u>	<u>5,739,419</u>	<u>5,739,419</u>	<u>--</u>
Fund balances, end of year	<u>\$ 5,309,973</u>	<u>\$ 5,280,141</u>	<u>\$ 5,667,623</u>	<u>\$ 387,482</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Social Services For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 38,981,796	\$ 39,170,742	\$ 39,633,584	\$ 462,842
Charges for services	1,117,978	1,135,524	681,694	(453,830)
Other revenues	24,000	24,000	13,231	(10,769)
Total revenues	<u>40,123,774</u>	<u>40,330,266</u>	<u>40,328,509</u>	<u>(1,757)</u>
Expenditures:				
Current:				
Public assistance	44,187,456	45,458,655	40,276,984	5,181,671
Capital outlay	901,000	986,000	394,905	591,095
Total expenditures	<u>45,088,456</u>	<u>46,444,655</u>	<u>40,671,889</u>	<u>5,772,766</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,964,682)</u>	<u>(6,114,389)</u>	<u>(343,380)</u>	<u>5,771,009</u>
Other Financing Sources (Uses):				
Transfers in	25,000	25,000	20,462	(4,538)
Transfers out	<u>(109,418)</u>	<u>(123,326)</u>	<u>(35,000)</u>	<u>88,326</u>
Total other financing sources (uses)	<u>(84,418)</u>	<u>(98,326)</u>	<u>(14,538)</u>	<u>83,788</u>
Net change in fund balance	(5,049,100)	(6,212,715)	(357,918)	5,854,797
Fund balances, beginning of year	<u>5,973,445</u>	<u>5,973,445</u>	<u>5,973,445</u>	<u>--</u>
Fund balances, end of year	<u>\$ 924,345</u>	<u>\$ (239,270)</u>	<u>\$ 5,615,527</u>	<u>\$ 5,854,797</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Health Programs For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Licenses and permits	\$ 572,098	\$ 586,598	\$ 617,052	\$ 30,454
Fines and forfeitures	2,000	2,000	1,555	(445)
Use of money and property	1,300	1,300	1,339	39
Intergovernmental revenues	3,979,218	4,316,151	3,832,044	(484,107)
Charges for services	792,050	858,269	831,473	(26,796)
Other revenues	11,430	11,430	13,201	1,771
Total Revenues	<u>5,358,096</u>	<u>5,775,748</u>	<u>5,296,664</u>	<u>(479,084)</u>
Expenditures				
Current:				
Health and sanitation	5,705,701	6,188,757	5,348,401	840,356
Total Expenditures	<u>5,705,701</u>	<u>6,188,757</u>	<u>5,348,401</u>	<u>840,356</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(347,605)</u>	<u>(413,009)</u>	<u>(51,737)</u>	<u>361,272</u>
Other Financing Sources (Uses)				
Transfers in	118,222	118,222	118,222	--
Total Other Financing Sources (Uses)	<u>118,222</u>	<u>118,222</u>	<u>118,222</u>	<u>--</u>
Net Change in Fund Balance	(229,383)	(294,787)	66,485	361,272
Fund Balance, Beginning of Year	<u>341,665</u>	<u>341,665</u>	<u>341,665</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 112,282</u>	<u>\$ 46,878</u>	<u>\$ 408,150</u>	<u>\$ 361,272</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Disaster Response and Recovery For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ --	\$ --	\$ 10,129	\$ 10,129
Intergovernmental revenues	--	--	7,419,219	7,419,219
Other revenues	--	--	278,380	278,380
Total Revenues	<u>--</u>	<u>--</u>	<u>7,707,728</u>	<u>7,707,728</u>
Expenditures				
Current:				
Public Protection	--	28,000,000	9,042,801	18,957,199
Total Expenditures	<u>--</u>	<u>28,000,000</u>	<u>9,042,801</u>	<u>18,957,199</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>(28,000,000)</u>	<u>(1,335,073)</u>	<u>26,664,927</u>
Other Financing Sources (Uses)				
Transfers in	--	2,150,000	2,150,000	--
Total other financing sources (uses)	<u>--</u>	<u>2,150,000</u>	<u>2,150,000</u>	<u>--</u>
Net Change in Fund Balance	--	(25,850,000)	814,927	26,664,927
Fund Balance, Beginning of Year	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ --</u>	<u>\$ (25,850,000)</u>	<u>\$ 814,927</u>	<u>\$ 26,664,927</u>

COUNTY OF LAKE

Required Supplementary Information Note to Required Supplementary Information For the Year Ended June 30, 2016

A. SCHEDULE OF FUNDING PROGRESS – OTHER-POSTEMPLOYMENT BENEFITS

The Schedule of Funding Progress – Other Post-employment Benefits provides a consolidated snapshot of the County's ability to meet current and future liabilities with the plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the OPEB plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

B. BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year. Budgeted expenditures are enacted into law through the passage of an Appropriation Resolution. This resolution mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

The County follows these procedures annually in establishing the budgetary data reflected in the financial statements.

- (1) The County Administrative Officer submits to the Board of Supervisors a recommended budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. The recommended budget is approved by the Board prior to July 1st.
- (2) The Board of Supervisors conducts an advertised public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to October 2, the budget is adopted through the passage of a resolution.
- (4) From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as proposed expenditures become appropriations to the various County departments. The Board of Supervisors may amend the budget by motion during the fiscal year. The County Administrative Officer may authorize transfers from one object to another within the same department.

Formal budgetary integration is employed as a management control device during the year. The County presents a comparison of annual budgets to actual results for the County's General and Special Revenue funds. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The Supplementary Law Enforcement Services nonmajor special revenue fund did not have a legally adopted budget.

The County uses an encumbrance system as an extension of normal budgetary accounting for the general and other governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year end are recorded as restrictions, commitments or assignments of fund balance, depending on the funding sources, since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end. Encumbered appropriations are rebudgeted in the ensuing year's budget.

Budgetary schedules were not prepared for the debt service funds.

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

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**COUNTY OF LAKE, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenues that are restricted by law or administrative action and expenditures for specified purposes. Nonmajor special revenue funds used by the County are listed below:

- **ROAD**
to provide for the maintenance, repair, and reconstruction of roads and bridges within the County road system.
- **PARK DEVELOPMENT QUIMBY**
to provide for the maintenance and development of parks.
- **COMMUNITY DEVELOPMENT**
to account for the services to provide building and grading inspection services in the unincorporated area of Lake County.
- **GEOTHERMAL RESOURCE ROYALTIES**
to account for the geothermal impact mitigation fees and provide funding for various projects.
- **FISH AND GAME**
to account for the services provided for the protection and propagation of fish and game.
- **SPECIAL AVIATION**
to account for the operation and maintenance of the County Airport at Lampson Field.
- **SPECIAL DISTRICTS ADMINISTRATION**
to account for the administrative, labor, and overhead costs for the management of four wastewater systems, ten potable water systems, and nine lighting districts.
- **SHERIFF PROGRAMS**
to account for the operation of the Sheriff department.
- **DISTRICT ATTORNEY PROGRAMS**
to account for the activities of the District Attorney department.
- **ANIMAL MEDICAL CLINIC**
to account for operation and maintenance of the spay/neuter program.
- **SUPPLEMENTAL LAW ENFORCEMENT SERVICES**
to account for law enforcement operations.
- **MIDDLETOWN SEWER**
to account for activity of the Middletown Sewer District.
- **IHSS PUBLIC AUTHORITY**
to account for the County's activities for AB 1682 mandates.
- **RECORDER PROGRAMS**
to account for recording activities.

**COUNTY OF LAKE, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS (continued)

- **AIR QUALITY DISTRICT**
to account for the operations of the air quality management district.
- **CDBG HOUSING PROGRAMS**
to account for the CDBG housing program activities.
- **CHILD SUPPORT SERVICES**
to account for the administrative oversight of the child support enforcement program.
- **MUSEUM**
to account for operation and maintenance of the County museum.
- **LIBRARY**
to account for library services in the unincorporated areas of the County.
- **LAKEBED MANAGEMENT**
to account for the activities to support the purposes of the State trust on Clearlake.
- **KELSEYVILLE WATERWORKS DISTRICT**
to account for the operation and maintenance of the Kelseyville area wastewater and potable water system.
- **BEHAVIORAL HEALTH PROGRAMS**
to account for mental health services of the County.
- **LAKE COUNTY HOUSING COMMISSION**
to account for the County Housing Commission activities.
- **WATERSHED PROTECTION DISTRICTS**
to account for the watershed protection activities of the County.
- **COUNTY SERVICE AREAS**
to account for the street lighting, public protection, health and sanitation, recreation and culture, public ways, and water utilities services provided by county service area districts in the unincorporated areas of the County.
- **LIGHTING DISTRICTS**
to account for the street lighting activities of the various lighting districts of the County.
- **SHERIFF MOTOR POOL**
to account for Sheriff's Department motor pool activity.
- **SANITATION DISTRICTS**
to account for the engineering, administration, and operational services of the various sanitation districts of the County.

**COUNTY OF LAKE, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS**

DEBT SERVICE FUNDS

Debt Service Funds are used to account for accumulation of resources for, and payment of, principal and interest on the County's general long-term debt. Nonmajor debt service funds of the County are listed below:

- **SANITATION IMPROVEMENT DISTRICTS**
to account for the accumulation of resources and payment of principal and interest for debt of sanitation improvement districts.
- **LACOSAN ASSESSMENT DISTRICTS**
to account for the accumulation of resources and payment of principal and interest for debt of LACOSAN assessment districts.
- **COUNTY SERVICE AREA IMPROVEMENT DISTRICTS**
to account for the accumulation of resources and payment of principal and interest for debt of County service area improvement districts.
- **USDA RUS LOANS**
to account for the accumulation of resources and payment of principal and interest for debt of the Kelseyville and Finley districts.
- **GEYSERS PIPELINE**
to account for the accumulation of resources and payment to principal and interest for the Geysers Pipeline project.

CAPITAL PROJECTS

Capital Projects Funds are used to account for financial resources to be used for the acquisition of land or acquisition and construction of major facilities other than those financed by the proprietary fund types. Nonmajor capital projects funds are listed below:

- **CAPITAL PROJECTS – PUBLIC SAFETY FACILITIES**
to account for CDBG projects.
- **GEYSER'S PIPELINE**
to account for the Geyser pipeline construction.
- **ROAD IMPROVEMENT PROJECTS**
to account for road project costs.
- **SPECIAL PROJECTS**
to account for special projects.
- **ANIMAL CONTROL**
to account for animal control activities.
- **LAMPSON AIRPORT CAPITAL PROJECTS**
to account for capital projects at Lampson Airport.

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COUNTY OF LAKE

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2016

	Special Revenue Funds			
	Road	Park Development Quimby	Community Development	Geothermal Resource Royalties
Assets:				
Cash and investments	\$ 6,611,170	\$ 98,653	\$ 755,452	\$ 1,132,765
Imprest cash	--	--	75	--
Cash with fiscal agent	--	--	--	--
Accounts receivable	671,768	--	--	32,914
Due from other governments	--	--	--	--
Interest receivable	14,010	--	--	--
Advances to other funds	--	--	--	20,033
Inventory	112,159	--	--	--
Loans receivable	--	--	--	--
Total Assets	<u>\$ 7,409,107</u>	<u>\$ 98,653</u>	<u>\$ 755,527</u>	<u>\$ 1,185,712</u>
Liabilities:				
Accounts payable	\$ 10,956	\$ --	\$ 5,347	\$ 140,603
Salaries and benefits payable	209,753	--	57,411	--
Deposits payable	--	--	--	--
Unearned revenue	--	--	--	--
Advance from other funds	--	--	--	--
Total Liabilities	<u>220,709</u>	<u>--</u>	<u>62,758</u>	<u>140,603</u>
Deferred Inflows of Resources:				
Unavailable revenue	--	--	--	--
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances:				
Nonspendable	112,159	--	--	--
Restricted	7,076,239	98,653	692,769	1,045,109
Assigned	--	--	--	--
Unassigned	--	--	--	--
Total Fund Balances	<u>7,188,398</u>	<u>98,653</u>	<u>692,769</u>	<u>1,045,109</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,409,107</u>	<u>\$ 98,653</u>	<u>\$ 755,527</u>	<u>\$ 1,185,712</u>

continued

COUNTY OF LAKE

Combining Balance Sheet (continued) Nonmajor Governmental Funds June 30, 2016

	Special Revenue Funds			
	Fish and Game	Special Aviation	Special Districts Administration	Sheriff Programs
Assets:				
Cash and investments	\$ 39,433	\$ 46,018	\$ 450,100	\$ 2,570,954
Imprest cash	--	--	400	--
Cash with fiscal agent	--	--	--	--
Accounts receivable	--	--	70,857	37,566
Due from other governments	--	--	--	--
Interest receivable	--	--	--	--
Advances to other funds	--	--	--	--
Inventory	--	--	--	--
Loans receivable	--	--	--	--
Total Assets	<u>\$ 39,433</u>	<u>\$ 46,018</u>	<u>\$ 521,357</u>	<u>\$ 2,608,520</u>
Liabilities:				
Accounts payable	\$ --	\$ --	\$ 14,107	\$ 136,023
Salaries and benefits payable	--	1,388	321,143	--
Deposits payable	--	--	--	--
Unearned revenue	--	--	--	--
Advance from other funds	10,000	--	--	--
Total Liabilities	<u>10,000</u>	<u>1,388</u>	<u>335,250</u>	<u>136,023</u>
Deferred Inflows of Resources:				
Unavailable revenue	--	--	--	--
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances:				
Nonspendable	--	--	--	--
Restricted	29,433	44,630	186,107	2,472,497
Assigned	--	--	--	--
Unassigned	--	--	--	--
Total Fund Balances	<u>29,433</u>	<u>44,630</u>	<u>186,107</u>	<u>2,472,497</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 39,433</u>	<u>\$ 46,018</u>	<u>\$ 521,357</u>	<u>\$ 2,608,520</u>

continued

COUNTY OF LAKE

Combining Balance Sheet (continued) Nonmajor Governmental Funds June 30, 2016

	Special Revenue Funds			
	District Attorney Programs	Animal Medical Clinic	Supplemental Law Enforcement Services	Middletown Sewer
Assets:				
Cash and investments	\$ 164,468	\$ 15,653	\$ 8	\$ 707,895
Imprest cash	--	--	--	--
Cash with fiscal agent	--	--	--	--
Accounts receivable	--	--	--	--
Due from other governments	--	--	--	--
Interest receivable	--	--	--	--
Advances to other funds	--	--	--	--
Inventory	--	--	--	--
Loans receivable	--	--	--	--
Total Assets	<u>\$ 164,468</u>	<u>\$ 15,653</u>	<u>\$ 8</u>	<u>\$ 707,895</u>
Liabilities:				
Accounts payable	\$ 429	\$ 144	\$ --	\$ 2,391
Salaries and benefits payable	--	--	--	--
Deposits payable	--	--	--	--
Unearned revenue	--	--	--	--
Advance from other funds	--	--	--	--
Total Liabilities	<u>429</u>	<u>144</u>	<u>--</u>	<u>2,391</u>
Deferred Inflows of Resources:				
Unavailable revenue	--	--	--	--
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances:				
Nonspendable	--	--	--	--
Restricted	164,039	15,509	8	705,504
Assigned	--	--	--	--
Unassigned	--	--	--	--
Total Fund Balances	<u>164,039</u>	<u>15,509</u>	<u>8</u>	<u>705,504</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 164,468</u>	<u>\$ 15,653</u>	<u>\$ 8</u>	<u>\$ 707,895</u>

COUNTY OF LAKE

Combining Balance Sheet (continued) Nonmajor Governmental Funds June 30, 2016

	Special Revenue Funds			
	IHSS Public Authority	Recorder Programs	Air Quality District	CDBG Programs
Assets:				
Cash and investments	\$ 234	\$ 1,680,259	\$ 592,687	\$ 232,048
Imprest cash	--	--	--	--
Cash with fiscal agent	--	--	--	--
Accounts receivable	--	--	--	--
Due from other governments	83,341	--	--	--
Interest receivable	--	--	--	--
Advances to other funds	--	--	--	--
Inventory	--	--	--	--
Loans receivable	--	--	--	655,063
Total Assets	<u>\$ 83,575</u>	<u>\$ 1,680,259</u>	<u>\$ 592,687</u>	<u>\$ 887,111</u>
Liabilities:				
Accounts payable	\$ --	\$ 2,654	\$ 4,359	\$ --
Salaries and benefits payable	--	537	42,613	--
Deposits payable	--	--	--	--
Unearned revenue	--	--	--	--
Advance from other funds	--	--	--	--
Total Liabilities	<u>--</u>	<u>3,191</u>	<u>46,972</u>	<u>--</u>
Deferred Inflows of Resources:				
Unavailable revenue	83,341	--	--	--
Total Deferred Inflows of Resources	<u>83,341</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances:				
Nonspendable	--	--	--	--
Restricted	234	1,677,068	545,715	887,111
Assigned	--	--	--	--
Unassigned	--	--	--	--
Total Fund Balances	<u>234</u>	<u>1,677,068</u>	<u>545,715</u>	<u>887,111</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 83,575</u>	<u>\$ 1,680,259</u>	<u>\$ 592,687</u>	<u>\$ 887,111</u>

continued

COUNTY OF LAKE

Combining Balance Sheet (continued) Nonmajor Governmental Funds June 30, 2016

	Special Revenue Funds			
	Child Support Services	Museum	Library	Lakebed Management
Assets:				
Cash and investments	\$ 212,834	\$ 14,319	\$ 411,509	\$ 176,331
Imprest cash	50	--	80	--
Cash with fiscal agent	--	--	--	--
Accounts receivable	--	--	--	--
Due from other governments	--	--	--	--
Interest receivable	--	--	--	--
Advances to other funds	--	--	--	--
Inventory	--	--	--	--
Loans receivable	--	--	--	--
Total Assets	<u>\$ 212,884</u>	<u>\$ 14,319</u>	<u>\$ 411,589</u>	<u>\$ 176,331</u>
Liabilities:				
Accounts payable	\$ 36,727	\$ --	\$ 24,467	\$ 6,517
Salaries and benefits payable	186,158	--	62,207	14,811
Deposits payable	--	--	--	--
Unearned revenue	--	--	--	--
Advance from other funds	--	--	--	--
Total Liabilities	<u>222,885</u>	<u>--</u>	<u>86,674</u>	<u>21,328</u>
Deferred Inflows of Resources:				
Unavailable revenue	--	--	--	--
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances:				
Nonspendable	--	--	--	--
Restricted	--	14,319	324,915	155,003
Assigned	--	--	--	--
Unassigned	(10,001)	--	--	--
Total Fund Balances	<u>(10,001)</u>	<u>14,319</u>	<u>324,915</u>	<u>155,003</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 212,884</u>	<u>\$ 14,319</u>	<u>\$ 411,589</u>	<u>\$ 176,331</u>

continued

COUNTY OF LAKE

Combining Balance Sheet (continued) Nonmajor Governmental Funds June 30, 2016

	Special Revenue Funds			
	Kelseyville Waterworks District	Behavioral Health Programs	Lake County Housing Commission	Watershed Protection Districts
Assets:				
Cash and investments	\$ 728,790	\$ 5,700,183	\$ 248,105	\$ 2,568,419
Imprest cash	--	830	--	--
Cash with fiscal agent	--	--	--	--
Accounts receivable	--	1,325,284	6,399	42,008
Due from other governments	--	11,337	--	--
Interest receivable	--	5,864	--	--
Advances to other funds	--	--	287,773	--
Inventory	--	--	--	--
Loans receivable	--	--	687,956	--
Total Assets	<u>\$ 728,790</u>	<u>\$ 7,043,498</u>	<u>\$ 1,230,233</u>	<u>\$ 2,610,427</u>
Liabilities:				
Accounts payable	\$ 8,426	\$ 503,678	\$ 21,803	\$ 1,349
Salaries and benefits payable	--	562,598	--	53,927
Deposits payable	--	--	55,783	--
Unearned revenue	--	--	--	--
Advance from other funds	--	--	--	--
Total Liabilities	<u>8,426</u>	<u>1,066,276</u>	<u>77,586</u>	<u>55,276</u>
Deferred Inflows of Resources:				
Unavailable revenue	--	11,337	--	--
Total Deferred Inflows of Resources	<u>--</u>	<u>11,337</u>	<u>--</u>	<u>--</u>
Fund Balances:				
Nonspendable	--	--	--	--
Restricted	720,364	5,965,885	1,152,647	2,555,151
Assigned	--	--	--	--
Unassigned	--	--	--	--
Total Fund Balances	<u>720,364</u>	<u>5,965,885</u>	<u>1,152,647</u>	<u>2,555,151</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 728,790</u>	<u>\$ 7,043,498</u>	<u>\$ 1,230,233</u>	<u>\$ 2,610,427</u>

continued

COUNTY OF LAKE

Combining Balance Sheet (continued) Nonmajor Governmental Funds June 30, 2016

	Special Revenue Funds			
	County Service Areas	Lighting Districts	Sheriff Motor Pool	Sanitation Districts
Assets:				
Cash and investments	\$ 5,916,521	\$ 440,703	\$ 1,802,261	\$ 4,402,347
Imprest cash	--	--	--	--
Cash with fiscal agent	--	--	--	321,194
Accounts receivable	15,531	--	--	63,410
Due from other governments	--	--	--	--
Interest receivable	--	--	--	6,057
Advances to other funds	--	--	--	--
Inventory	--	--	--	--
Loans receivable	--	--	--	--
Total Assets	<u>\$ 5,932,052</u>	<u>\$ 440,703</u>	<u>\$ 1,802,261</u>	<u>\$ 4,793,008</u>
Liabilities:				
Accounts payable	\$ 28,662	\$ --	\$ --	\$ 127,111
Salaries and benefits payable	--	--	--	--
Deposits payable	--	--	--	49,636
Unearned revenue	--	--	--	--
Advance from other funds	467,905	--	--	--
Total Liabilities	<u>496,567</u>	<u>--</u>	<u>--</u>	<u>176,747</u>
Deferred Inflows of Resources:				
Unavailable revenue	--	--	--	--
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances:				
Nonspendable	--	--	--	--
Restricted	5,435,485	440,703	1,802,261	4,616,261
Assigned	--	--	--	--
Unassigned	--	--	--	--
Total Fund Balances	<u>5,435,485</u>	<u>440,703</u>	<u>1,802,261</u>	<u>4,616,261</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,932,052</u>	<u>\$ 440,703</u>	<u>\$ 1,802,261</u>	<u>\$ 4,793,008</u>

continued

COUNTY OF LAKE

Combining Balance Sheet (continued) Nonmajor Governmental Funds June 30, 2016

	Debt Service Funds		
	Sanitation Improvement Districts	LACOSAN Assessment Districts	County Service Area Improvement Districts
Assets:			
Cash and investments	\$ 44,431	\$ 1,758,613	\$ 1,088,479
Imprest cash	--	--	--
Cash with fiscal agent	--	--	--
Accounts receivable	--	--	--
Due from other governments	--	--	--
Interest receivable	--	--	--
Advances to other funds	--	--	--
Inventory	--	--	--
Loans receivable	--	--	--
Total Assets	<u>\$ 44,431</u>	<u>\$ 1,758,613</u>	<u>\$ 1,088,479</u>
Liabilities:			
Accounts payable	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--
Deposits payable	--	--	--
Unearned revenue	--	--	--
Advance from other funds	--	--	--
Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>
Deferred Inflows of Resources:			
Unavailable revenue	--	--	--
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances:			
Nonspendable	--	--	--
Restricted	44,431	1,758,613	1,088,479
Assigned	--	--	--
Unassigned	--	--	--
Total Fund Balances	<u>44,431</u>	<u>1,758,613</u>	<u>1,088,479</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 44,431</u>	<u>\$ 1,758,613</u>	<u>\$ 1,088,479</u>

continued

COUNTY OF LAKE

Combining Balance Sheet (continued) Nonmajor Governmental Funds June 30, 2016

	Debt Service Funds		Capital Project Funds		
	USDA RUS Loans	Geyser Pipeline	Public Safety Facilities	Geyser's Pipeline	Road Improvement Projects
Assets:					
Cash and investments	\$ 1,412,252	\$ 4,065,548	\$ 3,493,672	\$ 502,516	\$ 385,498
Imprest cash	--	--	--	--	--
Cash with fiscal agent	--	--	--	--	--
Accounts receivable	--	--	--	--	--
Due from other governments	--	--	--	--	--
Interest receivable	--	--	--	--	--
Advances to other funds	--	--	--	--	--
Inventory	--	--	--	--	--
Loans receivable	--	--	--	--	--
Total Assets	<u>\$ 1,412,252</u>	<u>\$ 4,065,548</u>	<u>\$ 3,493,672</u>	<u>\$ 502,516</u>	<u>\$ 385,498</u>
Liabilities:					
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--	--	--
Deposits payable	--	--	--	--	--
Unearned revenue	--	--	--	502,516	385,498
Advance from other funds	--	--	1,500,000	--	--
Total Liabilities	<u>--</u>	<u>--</u>	<u>1,500,000</u>	<u>502,516</u>	<u>385,498</u>
Deferred Inflows of Resources:					
Unavailable revenue	--	--	--	--	--
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances:					
Nonspendable	--	--	--	--	--
Restricted	1,412,252	4,065,548	--	--	--
Assigned	--	--	1,993,672	--	--
Unassigned	--	--	--	--	--
Total Fund Balances	<u>1,412,252</u>	<u>4,065,548</u>	<u>1,993,672</u>	<u>--</u>	<u>--</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,412,252</u>	<u>\$ 4,065,548</u>	<u>\$ 3,493,672</u>	<u>\$ 502,516</u>	<u>\$ 385,498</u>

continued

COUNTY OF LAKE

Combining Balance Sheet (continued) Nonmajor Governmental Funds June 30, 2016

	Capital Project Funds			
	Special Projects	Animal Control	Lampson Airport Capital Projects	Totals
Assets:				
Cash and investments	\$ 2,424,420	\$ --	\$ 32,861	\$ 52,928,409
Imprest cash	--	--	--	1,435
Cash with fiscal agent	--	--	--	321,194
Accounts receivable	54,160	--	--	2,319,897
Due from other governments	--	--	--	94,678
Interest receivable	--	--	--	25,931
Advances to other funds	--	--	--	307,806
Inventory	--	--	--	112,159
Loans receivable	--	--	--	1,343,019
Total Assets	<u>\$ 2,478,580</u>	<u>\$ --</u>	<u>\$ 32,861</u>	<u>\$ 57,454,528</u>
Liabilities:				
Accounts payable	\$ --	\$ --	\$ 3,225	\$ 1,078,978
Salaries and benefits payable	--	--	--	1,512,546
Deposits payable	--	--	--	105,419
Unearned revenue	--	--	--	888,014
Advance from other funds	--	--	--	1,977,905
Total Liabilities	<u>--</u>	<u>--</u>	<u>3,225</u>	<u>5,562,862</u>
Deferred Inflows of Resources:				
Unavailable revenue	--	--	--	94,678
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>94,678</u>
Fund Balances:				
Nonspendable	--	--	--	112,159
Restricted	--	--	29,636	47,222,578
Assigned	2,478,580	--	--	4,472,252
Unassigned	--	--	--	(10,001)
Total Fund Balances	<u>2,478,580</u>	<u>--</u>	<u>29,636</u>	<u>51,796,988</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,478,580</u>	<u>\$ --</u>	<u>\$ 32,861</u>	<u>\$ 57,454,528</u>

COUNTY OF LAKE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2016

	Special Revenue Funds			
	Road	Park Development Quimby	Community Development	Geothermal Resource Royalties
Revenues:				
Taxes	\$ 735,456	\$ --	\$ 2,783	\$ --
Licenses and permits	134,041	--	528,590	--
Fines and forfeitures	314	--	2,783	--
Use of money and property	38,626	986	1,653	5,486
Intergovernmental	7,997,872	--	--	1,318,218
Charges for services	271,262	20,358	316,779	--
Other revenues	5,174	--	--	3,102
Total Revenues	<u>9,182,745</u>	<u>21,344</u>	<u>852,588</u>	<u>1,326,806</u>
Expenditures:				
Current:				
General government	--	--	--	487,698
Public protection	--	--	795,096	--
Public ways and facilities	5,353,916	--	--	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation and culture	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	4,606,999	146,834	157,447	3,322
Total Expenditures	<u>9,960,915</u>	<u>146,834</u>	<u>952,543</u>	<u>491,020</u>
Excess of Revenues Over (Under) Expenditures	<u>(778,170)</u>	<u>(125,490)</u>	<u>(99,955)</u>	<u>835,786</u>
Other Financing Sources (Uses):				
Transfers in	27,571	--	446,173	--
Transfers out	--	--	--	(1,156,856)
Total Other Financing Sources (Uses)	<u>27,571</u>	<u>--</u>	<u>446,173</u>	<u>(1,156,856)</u>
Net Change in Fund Balances	<u>(750,599)</u>	<u>(125,490)</u>	<u>346,218</u>	<u>(321,070)</u>
Fund Balances, Beginning of Year	<u>7,938,997</u>	<u>224,143</u>	<u>346,551</u>	<u>1,366,179</u>
Fund Balances, End of Year	<u>\$ 7,188,398</u>	<u>\$ 98,653</u>	<u>\$ 692,769</u>	<u>\$ 1,045,109</u>

continued

COUNTY OF LAKE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Governmental Funds For the Year Ended June 30, 2016

	Special Revenue Funds			
	Fish and Game	Special Aviation	Special Districts Administration	Sheriff Programs
Revenues:				
Taxes	\$ 62,500	\$ 102	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines and forfeitures	10,986	--	--	193,806
Use of money and property	200	70,710	2,551	11,287
Intergovernmental	1,267	10,000	126,632	772,816
Charges for services	--	--	3,748,071	46,259
Other revenues	386	--	2,528	190,531
Total Revenues	<u>75,339</u>	<u>80,812</u>	<u>3,879,782</u>	<u>1,214,699</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	99,245	--	--	960,027
Public ways and facilities	--	78,390	4,244,026	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation and culture	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	146,664	402,624
Total Expenditures	<u>99,245</u>	<u>78,390</u>	<u>4,390,690</u>	<u>1,362,651</u>
Excess of Revenues Over (Under) Expenditures	<u>(23,906)</u>	<u>2,422</u>	<u>(510,908)</u>	<u>(147,952)</u>
Other Financing Sources (Uses):				
Transfers in	27,488	20,000	--	--
Transfers out	--	(11,957)	--	--
Total Other Financing Sources (Uses)	<u>27,488</u>	<u>8,043</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	3,582	10,465	(510,908)	(147,952)
Fund Balances, Beginning of Year	<u>25,851</u>	<u>34,165</u>	<u>697,015</u>	<u>2,620,449</u>
Fund Balances, End of Year	<u>\$ 29,433</u>	<u>\$ 44,630</u>	<u>\$ 186,107</u>	<u>\$ 2,472,497</u>

continued

COUNTY OF LAKE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Governmental Funds For the Year Ended June 30, 2016

	Special Revenue Funds			
	District Attorney Programs	Animal Medical Clinic	Supplemental Law Enforcement Services	Middletown Sewer
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	9,600	--	--
Fines and forfeitures	129,346	--	--	--
Use of money and property	733	--	18	2,915
Intergovernmental	--	7,500	566,686	--
Charges for services	6,417	65,701	--	215,790
Other revenues	--	31,342	--	219
Total Revenues	<u>136,496</u>	<u>114,143</u>	<u>566,704</u>	<u>218,924</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	18,529	169,135	566,701	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	206,042
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation and culture	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	101,835	--	--	--
Total Expenditures	<u>120,364</u>	<u>169,135</u>	<u>566,701</u>	<u>206,042</u>
Excess of Revenues Over (Under) Expenditures	<u>16,132</u>	<u>(54,992)</u>	<u>3</u>	<u>12,882</u>
Other Financing Sources (Uses):				
Transfers in	--	53,601	--	--
Transfers out	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>53,601</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	16,132	(1,391)	3	12,882
Fund Balances, Beginning of Year	<u>147,907</u>	<u>16,900</u>	<u>5</u>	<u>692,622</u>
Fund Balances, End of Year	<u>\$ 164,039</u>	<u>\$ 15,509</u>	<u>\$ 8</u>	<u>\$ 705,504</u>

COUNTY OF LAKE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Governmental Funds For the Year Ended June 30, 2016

	Special Revenue Funds			
	IHSS Public Authority	Recorder Programs	Air Quality District	CDBG Programs
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	474,743	--
Fines and forfeitures	--	--	29,061	--
Use of money and property	--	6,526	1,896	817
Intergovernmental	250,760	--	393,408	--
Charges for services	20,462	127,880	3,011	--
Other revenues	--	--	20,443	40,604
Total Revenues	<u>271,222</u>	<u>134,406</u>	<u>922,562</u>	<u>41,421</u>
Expenditures:				
Current:				
General government	--	--	--	1
Public protection	--	103,119	--	--
Public ways and facilities	--	--	577,741	--
Health and sanitation	--	--	--	--
Public assistance	250,526	--	--	180,548
Education	--	--	--	--
Recreation and culture	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	84,316	--
Total Expenditures	<u>250,526</u>	<u>103,119</u>	<u>662,057</u>	<u>180,549</u>
Excess of Revenues Over (Under) Expenditures	<u>20,696</u>	<u>31,287</u>	<u>260,505</u>	<u>(139,128)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	(20,462)	--	--	--
Total Other Financing Sources (Uses)	<u>(20,462)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	234	31,287	260,505	(139,128)
Fund Balances, Beginning of Year	<u>--</u>	<u>1,645,781</u>	<u>285,210</u>	<u>1,026,239</u>
Fund Balances, End of Year	<u>\$ 234</u>	<u>\$ 1,677,068</u>	<u>\$ 545,715</u>	<u>\$ 887,111</u>

continued

COUNTY OF LAKE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Governmental Funds For the Year Ended June 30, 2016

	Special Revenue Funds			
	Child Support Services	Museum	Library	Lakebed Management
Revenues:				
Taxes	\$ --	\$ --	\$ 757,581	\$ --
Licenses and permits	--	--	--	25,710
Fines and forfeitures	--	--	29	--
Use of money and property	861	81	12,361	881
Intergovernmental	2,532,205	--	43,882	4,083
Charges for services	--	--	20,915	--
Other revenues	65	--	106,618	160,055
Total Revenues	<u>2,533,131</u>	<u>81</u>	<u>941,386</u>	<u>190,729</u>
Expenditures:				
Current:				
General government	--	--	--	209,838
Public protection	2,523,592	--	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	--	--	987,974	--
Recreation and culture	--	9,779	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	100,868	--	--	--
Total Expenditures	<u>2,624,460</u>	<u>9,779</u>	<u>987,974</u>	<u>209,838</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(91,329)</u>	<u>(9,698)</u>	<u>(46,588)</u>	<u>(19,109)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	111,856	--
Transfers out	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>111,856</u>	<u>--</u>
Net Change in Fund Balances	(91,329)	(9,698)	65,268	(19,109)
Fund Balances, Beginning of Year	<u>81,328</u>	<u>24,017</u>	<u>259,647</u>	<u>174,112</u>
Fund Balances, End of Year	<u>\$ (10,001)</u>	<u>\$ 14,319</u>	<u>\$ 324,915</u>	<u>\$ 155,003</u>

continued

COUNTY OF LAKE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Governmental Funds For the Year Ended June 30, 2016

	Special Revenue Funds			
	Kelseyville Waterworks District	Behavioral Health Programs	Lake County Housing Commission	Watershed Protection Districts
Revenues:				
Taxes	\$ 99,528	\$ --	\$ --	\$ 588,733
Licenses and permits	--	--	--	42,888
Fines and forfeitures	2,130	17,546	--	11,183
Use of money and property	3,191	27,177	617	16,233
Intergovernmental	1,237	12,272,747	1,557,654	514,506
Charges for services	783,978	262,537	279,645	737,585
Other revenues	46	53,076	27,137	100,181
Total Revenues	<u>890,110</u>	<u>12,633,083</u>	<u>1,865,053</u>	<u>2,011,309</u>
Expenditures:				
Current:				
General government	--	--	--	44,891
Public protection	--	--	--	1,592,088
Public ways and facilities	794,392	--	--	--
Health and sanitation	--	12,127,909	--	--
Public assistance	--	--	1,897,754	--
Education	--	--	--	--
Recreation and culture	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	199,752	33,439	--	36,812
Total Expenditures	<u>994,144</u>	<u>12,161,348</u>	<u>1,897,754</u>	<u>1,673,791</u>
Excess of Revenues Over (Under) Expenditures	<u>(104,034)</u>	<u>471,735</u>	<u>(32,701)</u>	<u>337,518</u>
Other Financing Sources (Uses):				
Transfers in	--	61,112	--	65,000
Transfers out	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>61,112</u>	<u>--</u>	<u>65,000</u>
Net Change in Fund Balances	<u>(104,034)</u>	<u>532,847</u>	<u>(32,701)</u>	<u>402,518</u>
Fund Balances, Beginning of Year	<u>824,398</u>	<u>5,433,038</u>	<u>1,185,348</u>	<u>2,152,633</u>
Fund Balances, End of Year	<u>\$ 720,364</u>	<u>\$ 5,965,885</u>	<u>\$ 1,152,647</u>	<u>\$ 2,555,151</u>

continued

COUNTY OF LAKE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Governmental Funds For the Year Ended June 30, 2016

	Special Revenue Funds			
	County Service Areas	Lighting Districts	Sheriff Motor Pool	Sanitation Districts
Revenues:				
Taxes	\$ 244,025	\$ 85,779	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines and forfeitures	8,585	57	--	93,900
Use of money and property	18,508	1,774	--	22,244
Intergovernmental	1,445,176	1,207	--	10,670
Charges for services	1,899,754	2,503	229,941	6,358,834
Other revenues	1,925,130	6,971	--	53,310
Total Revenues	<u>5,541,178</u>	<u>98,291</u>	<u>229,941</u>	<u>6,538,958</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	--	--
Public ways and facilities	2,079,720	90,545	--	--
Health and sanitation	--	--	--	4,999,405
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation and culture	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	1,840,461	--	395,678	966,644
Total Expenditures	<u>3,920,181</u>	<u>90,545</u>	<u>395,678</u>	<u>5,966,049</u>
Excess of Revenues Over (Under) Expenditures	<u>1,620,997</u>	<u>7,746</u>	<u>(165,737)</u>	<u>572,909</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	(169,553)	--	--	--
Total Other Financing Sources (Uses)	<u>(169,553)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	1,451,444	7,746	(165,737)	572,909
Fund Balances, Beginning of Year	<u>3,984,041</u>	<u>432,957</u>	<u>1,967,998</u>	<u>4,043,352</u>
Fund Balances, End of Year	<u>\$ 5,435,485</u>	<u>\$ 440,703</u>	<u>\$ 1,802,261</u>	<u>\$ 4,616,261</u>

continued

COUNTY OF LAKE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Governmental Funds For the Year Ended June 30, 2016

	Debt Service Funds		
	Sanitation Improvement Districts	LACOSAN Assessment Districts	County Service Area Improvement Districts
Revenues:			
Taxes	\$ 4,053	\$ 42,486	\$ --
Licenses and permits	--	--	--
Fines and forfeitures	3,984	5,380	9,904
Use of money and property	155	6,960	4,579
Intergovernmental	--	--	--
Charges for services	--	370,157	333,634
Other revenues	--	--	--
Total Revenues	<u>8,192</u>	<u>424,983</u>	<u>348,117</u>
Expenditures:			
Current:			
General government	--	--	--
Public protection	--	--	--
Public ways and facilities	--	--	--
Health and sanitation	--	--	--
Public assistance	--	--	--
Education	--	--	--
Recreation and culture	--	--	--
Debt Service:			
Principal	--	147,000	537,604
Interest	--	240,431	65,930
Capital outlay	--	--	--
Total Expenditures	<u>--</u>	<u>387,431</u>	<u>603,534</u>
Excess of Revenues Over (Under) Expenditures	<u>8,192</u>	<u>37,552</u>	<u>(255,417)</u>
Other Financing Sources (Uses):			
Transfers in	--	--	174,291
Transfers out	--	--	(32,309)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>141,982</u>
Net Change in Fund Balances	8,192	37,552	(113,435)
Fund Balances, Beginning of Year	<u>36,239</u>	<u>1,721,061</u>	<u>1,201,914</u>
Fund Balances, End of Year	<u>\$ 44,431</u>	<u>\$ 1,758,613</u>	<u>\$ 1,088,479</u>

continued

COUNTY OF LAKE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Governmental Funds For the Year Ended June 30, 2016

	Debt Service Funds		Capital Project Funds		
	USDA RUS Loans	Geyser Pipeline	Public Safety Facilities	Geyser's Pipeline	Road Improvement Projects
Revenues:					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--	--
Fines and forfeitures	--	--	--	--	--
Use of money and property	5,723	17,870	--	--	--
Intergovernmental	--	--	--	46,948	--
Charges for services	297,677	1,063,748	--	--	--
Other revenues	--	--	--	--	--
Total Revenues	<u>303,400</u>	<u>1,081,618</u>	<u>--</u>	<u>46,948</u>	<u>--</u>
Expenditures:					
Current:					
General government	--	--	581,973	--	--
Public protection	--	--	--	--	--
Public ways and facilities	--	--	--	46,948	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Education	--	--	--	--	--
Recreation and culture	--	--	--	--	--
Debt Service:					
Principal	107,886	877,990	--	--	--
Interest	117,520	132,055	--	--	--
Capital outlay	--	--	--	--	--
Total Expenditures	<u>225,406</u>	<u>1,010,045</u>	<u>581,973</u>	<u>46,948</u>	<u>--</u>
Excess of Revenues Over (Under) Expenditures	<u>77,994</u>	<u>71,573</u>	<u>(581,973)</u>	<u>--</u>	<u>--</u>
Other Financing Sources (Uses):					
Transfers in	--	--	900,009	--	--
Transfers out	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>900,009</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>77,994</u>	<u>71,573</u>	<u>318,036</u>	<u>--</u>	<u>--</u>
Fund Balances, Beginning of Year	<u>1,334,258</u>	<u>3,993,975</u>	<u>1,675,636</u>	<u>--</u>	<u>--</u>
Fund Balances, End of Year	<u>\$ 1,412,252</u>	<u>\$ 4,065,548</u>	<u>\$ 1,993,672</u>	<u>\$ --</u>	<u>\$ --</u>

continued

COUNTY OF LAKE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Governmental Funds For the Year Ended June 30, 2016

	Capital Project Funds			
	Special Projects	Animal Control	Lampson Airport Capital Projects -	Totals
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ 2,623,026
Licenses and permits	--	--	--	1,215,572
Fines and forfeitures	--	--	--	518,994
Use of money and property	--	--	200	283,819
Intergovernmental	76,733	--	7,964	29,960,171
Charges for services	--	--	--	17,482,898
Other revenues	2,595	--	--	2,729,513
Total Revenues	<u>79,328</u>	<u>--</u>	<u>8,164</u>	<u>54,813,993</u>
Expenditures:				
Current:				
General government	211,525	13,277	--	1,549,203
Public protection	--	--	--	6,827,532
Public ways and facilities	--	--	53,215	13,318,893
Health and sanitation	--	--	--	17,333,356
Public assistance	--	--	--	2,328,828
Education	--	--	--	987,974
Recreation and culture	--	--	--	9,779
Debt Service:				
Principal	--	--	--	1,670,480
Interest	--	--	--	555,936
Capital outlay	--	--	--	9,223,695
Total Expenditures	<u>211,525</u>	<u>13,277</u>	<u>53,215</u>	<u>53,805,676</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(132,197)</u>	<u>(13,277)</u>	<u>(45,051)</u>	<u>1,008,317</u>
Other Financing Sources (Uses):				
Transfers in	375,000	--	11,957	2,274,058
Transfers out	--	--	--	(1,391,137)
Total Other Financing Sources (Uses)	<u>375,000</u>	<u>--</u>	<u>11,957</u>	<u>882,921</u>
Net Change in Fund Balances	<u>242,803</u>	<u>(13,277)</u>	<u>(33,094)</u>	<u>1,891,238</u>
Fund Balances, Beginning of Year	<u>2,235,777</u>	<u>13,277</u>	<u>62,730</u>	<u>49,905,750</u>
Fund Balances, End of Year	<u>\$ 2,478,580</u>	<u>\$ --</u>	<u>\$ 29,636</u>	<u>\$ 51,796,988</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Road Fund For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 730,800	\$ 713,900	\$ 735,456	\$ 21,556
Licenses and permits	90,000	90,000	134,041	44,041
Fines and forfeitures	200	200	315	115
Use of money and property	30,000	30,000	38,626	8,626
Intergovernmental revenues	13,852,989	13,582,989	7,997,872	(5,585,117)
Charges for services	826,950	826,950	271,262	(555,688)
Other revenues	24,700	24,700	4,506	(20,194)
Total Revenues	<u>15,555,639</u>	<u>15,268,739</u>	<u>9,182,078</u>	<u>(6,086,661)</u>
Expenditures				
Current:				
Public ways and facilities	7,049,697	7,403,428	5,330,133	2,073,295
Capital outlay	10,254,202	10,254,202	4,630,115	5,624,087
Total Expenditures	<u>17,303,899</u>	<u>17,657,630</u>	<u>9,960,248</u>	<u>7,697,382</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,748,260)</u>	<u>(2,388,891)</u>	<u>(778,170)</u>	<u>1,610,721</u>
Other Financing Sources (Uses)				
Transfers in	60,200	60,200	27,571	(32,629)
Total Other Financing Sources (Uses)	<u>60,200</u>	<u>60,200</u>	<u>27,571</u>	<u>(32,629)</u>
Net Change in Fund Balance	(1,688,060)	(2,328,691)	(750,599)	1,578,092
Fund Balance, Beginning of Year	<u>7,938,997</u>	<u>7,938,997</u>	<u>7,938,997</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 6,250,937</u>	<u>\$ 5,610,306</u>	<u>\$ 7,188,398</u>	<u>\$ 1,578,092</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Park Development Quimby For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 1,000	\$ 1,000	\$ 986	\$ (14)
Charges for services	3,389	3,389	20,358	16,969
Total Revenues	<u>4,389</u>	<u>4,389</u>	<u>21,344</u>	<u>16,955</u>
Expenditures				
Capital outlay	228,532	228,532	146,834	81,698
Total Expenditures	<u>228,532</u>	<u>228,532</u>	<u>146,834</u>	<u>81,698</u>
Net Change in Fund Balance	<u>(224,143)</u>	<u>(224,143)</u>	<u>(125,490)</u>	<u>98,653</u>
Fund Balance, Beginning of Year	<u>224,143</u>	<u>224,143</u>	<u>224,143</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 98,653</u>	<u>\$ 98,653</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Community Development For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 7,000	\$ 7,000	\$ 2,783	\$ (4,217)
Licenses and permits	323,500	323,500	528,590	205,090
Fines and forfeitures	--	--	2,783	2,783
Use of money and property	1,700	1,700	1,653	(47)
Charges for services	152,350	152,350	316,779	164,429
Other revenues	200	200	--	(200)
Total Revenues	<u>484,750</u>	<u>484,750</u>	<u>852,588</u>	<u>367,838</u>
Expenditures				
Current:				
Public protection	1,018,729	1,089,795	795,096	294,699
Capital outlay	7,200	178,360	157,447	20,913
Total Expenditures	<u>1,025,929</u>	<u>1,268,155</u>	<u>952,543</u>	<u>315,612</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(541,179)</u>	<u>(783,405)</u>	<u>(99,955)</u>	<u>683,450</u>
Other Financing Sources (Uses)				
Transfers in	230,083	446,173	446,173	--
Total Other Financing Sources (Uses)	<u>230,083</u>	<u>446,173</u>	<u>446,173</u>	<u>--</u>
Net Change in Fund Balance	(311,096)	(337,232)	346,218	683,450
Fund Balance, Beginning of Year	<u>346,551</u>	<u>346,551</u>	<u>346,551</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 35,455</u>	<u>\$ 9,319</u>	<u>\$ 692,769</u>	<u>\$ 683,450</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Geothermal Resource Royalties For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 5,000	\$ 5,000	\$ 5,486	\$ 486
Intergovernmental revenues	1,420,000	1,295,000	1,318,218	23,218
Other revenues	3,088	3,088	3,102	14
Total Revenues	<u>1,428,088</u>	<u>1,303,088</u>	<u>1,326,806</u>	<u>23,718</u>
Expenditures				
Current:				
General government	1,362,348	1,237,348	487,698	749,650
Capital outlay	251,927	251,927	3,322	248,605
Total Expenditures	<u>1,614,275</u>	<u>1,489,275</u>	<u>491,020</u>	<u>998,255</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(186,187)</u>	<u>(186,187)</u>	<u>835,786</u>	<u>1,021,973</u>
Other Financing Sources (Uses)				
Transfers out	<u>(1,156,856)</u>	<u>(1,156,856)</u>	<u>(1,156,856)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(1,156,856)</u>	<u>(1,156,856)</u>	<u>(1,156,856)</u>	<u>--</u>
Net Change in Fund Balance	<u>(1,343,043)</u>	<u>(1,343,043)</u>	<u>(321,070)</u>	<u>1,021,973</u>
Fund Balance, Beginning of Year	<u>1,366,179</u>	<u>1,366,179</u>	<u>1,366,179</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 23,136</u>	<u>\$ 23,136</u>	<u>\$ 1,045,109</u>	<u>\$ 1,021,973</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Fish and Game For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and assessments	\$ 60,011	\$ 60,011	\$ 62,500	\$ 2,489
Fines and forfeitures	2,800	2,800	10,986	8,186
Use of money and property	225	225	200	(25)
Intergovernmental revenues	864	864	1,267	403
Other revenues	--	--	386	386
Total Revenues	<u>63,900</u>	<u>63,900</u>	<u>75,339</u>	<u>11,439</u>
Expenditures				
Current:				
Public protection	<u>118,272</u>	<u>118,272</u>	<u>99,245</u>	<u>19,027</u>
Total Expenditures	<u>118,272</u>	<u>118,272</u>	<u>99,245</u>	<u>19,027</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(54,372)</u>	<u>(54,372)</u>	<u>(23,906)</u>	<u>30,466</u>
Other Financing Sources (Uses)				
Transfers in	<u>27,488</u>	<u>24,236</u>	<u>27,488</u>	<u>3,252</u>
Total Other Financing Sources (Uses)	<u>27,488</u>	<u>24,236</u>	<u>27,488</u>	<u>3,252</u>
Net Change in Fund Balance	(26,884)	(30,136)	3,582	33,718
Fund Balance, Beginning of Year	<u>25,851</u>	<u>25,851</u>	<u>25,851</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ (1,033)</u>	<u>\$ (4,285)</u>	<u>\$ 29,433</u>	<u>\$ 33,718</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Special Aviation For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and assessments	\$ 25	\$ 25	\$ 102	\$ 77
Use of money and property	29,119	48,419	70,710	22,291
Intergovernmental revenues	10,000	10,000	10,000	--
Total Revenues	<u>39,144</u>	<u>58,444</u>	<u>80,812</u>	<u>22,368</u>
Expenditures				
Current:				
Public ways and facilities	105,585	124,885	78,390	46,495
Total Expenditures	<u>105,585</u>	<u>124,885</u>	<u>78,390</u>	<u>46,495</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(66,441)</u>	<u>(66,441)</u>	<u>2,422</u>	<u>68,863</u>
Other Financing Sources (Uses)				
Transfers in	44,233	44,233	20,000	(24,233)
Transfers out	(11,957)	(11,957)	(11,957)	--
Total Other Financing Sources (Uses)	<u>32,276</u>	<u>32,276</u>	<u>8,043</u>	<u>(24,233)</u>
Net Change in Fund Balance	(34,165)	(34,165)	10,465	44,630
Fund Balance, Beginning of Year	<u>34,165</u>	<u>34,165</u>	<u>34,165</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 44,630</u>	<u>\$ 44,630</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Special Districts Administration For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 1,081	\$ 1,081	\$ 2,551	\$ 1,470
Intergovernmental revenues	250,000	250,000	126,632	(123,368)
Charges for services	4,063,165	4,066,563	3,748,071	(318,492)
Other revenues	--	--	2,528	2,528
Total Revenues	<u>4,314,246</u>	<u>4,317,644</u>	<u>3,879,782</u>	<u>(437,862)</u>
Expenditures				
Current:				
Public ways and facilities	4,670,196	4,679,080	4,244,026	435,054
Capital outlay	149,164	149,164	146,664	2,500
Total Expenditures	<u>4,819,360</u>	<u>4,828,244</u>	<u>4,390,690</u>	<u>437,554</u>
Net Change in Fund Balance	(505,114)	(510,600)	(510,908)	(308)
Fund Balance, Beginning of Year	<u>697,015</u>	<u>697,015</u>	<u>697,015</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 191,901</u>	<u>\$ 186,415</u>	<u>\$ 186,107</u>	<u>\$ (308)</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Sheriff Programs For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ 147,797	\$ 147,797	\$ 193,806	\$ 46,009
Use of money and property	9,250	9,250	11,287	2,037
Intergovernmental revenues	711,862	711,862	772,816	60,954
Charges for services	60,000	60,000	46,259	(13,741)
Other revenues	1,500	1,500	190,531	189,031
Total Revenues	<u>930,409</u>	<u>930,409</u>	<u>1,214,699</u>	<u>284,290</u>
Expenditures				
Current:				
Public protection	2,907,357	2,751,757	960,027	1,791,730
Capital outlay	643,500	799,100	402,624	396,476
Total Expenditures	<u>3,550,857</u>	<u>3,550,857</u>	<u>1,362,651</u>	<u>2,188,206</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,620,448)</u>	<u>(2,620,448)</u>	<u>(147,952)</u>	<u>2,472,496</u>
Fund Balance, Beginning of Year	<u>2,620,449</u>	<u>2,620,449</u>	<u>2,620,449</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 2,472,497</u>	<u>\$ 2,472,496</u>

COUNTY OF LAKE

Budgetary Comparison Schedule District Attorney Programs For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ 7,000	\$ 7,625	\$ 129,346	\$ 121,721
Use of money and property	200	200	733	533
Charges for services	3,052	4,255	6,417	2,162
Total Revenues	<u>10,252</u>	<u>12,080</u>	<u>136,496</u>	<u>124,416</u>
Expenditures				
Current:				
Public protection	69,200	51,528	18,529	32,999
Capital outlay	84,000	103,500	101,835	1,665
Total Expenditures	<u>153,200</u>	<u>155,028</u>	<u>120,364</u>	<u>34,664</u>
Net Change in Fund Balance	(142,948)	(142,948)	16,132	159,080
Fund Balance, Beginning of Year	<u>147,907</u>	<u>147,907</u>	<u>147,907</u>	--
Fund Balance, End of Year	<u>\$ 4,959</u>	<u>\$ 4,959</u>	<u>\$ 164,039</u>	<u>\$ 159,080</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Animal Medical Clinic For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Licenses and permits	\$ 8,000	\$ 8,000	\$ 9,600	1,600
Intergovernmental	--	--	7,500	7,500
Charges for services	78,000	65,000	65,701	701
Other revenues	26,278	36,778	31,342	(5,436)
Total Revenues	<u>112,278</u>	<u>109,778</u>	<u>114,143</u>	<u>4,365</u>
Expenditures				
Current:				
Public protection	187,778	180,278	169,135	11,143
Total Expenditures	<u>187,778</u>	<u>180,278</u>	<u>169,135</u>	<u>11,143</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(75,500)</u>	<u>(70,500)</u>	<u>(54,992)</u>	<u>15,508</u>
Other Financing Sources (Uses)				
Transfers in	65,500	53,601	53,601	--
Total Other Financing Sources (Uses)	<u>65,500</u>	<u>53,601</u>	<u>53,601</u>	<u>--</u>
Net Change in Fund Balance	(10,000)	(16,899)	(1,391)	15,508
Fund Balance, Beginning of Year	<u>16,900</u>	<u>16,900</u>	<u>16,900</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 6,900</u>	<u>\$ 1</u>	<u>\$ 15,509</u>	<u>\$ 15,508</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Middletown Sewer For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 3,100	\$ 3,100	\$ 2,915	\$ (185)
Intergovernmental revenues	1,642	1,642	--	(1,642)
Charges for services	206,999	175,599	215,790	40,191
Other revenues	--	4,500	219	(4,281)
Total Revenues	<u>211,741</u>	<u>184,841</u>	<u>218,924</u>	<u>34,083</u>
Expenditures				
Current:				
Health and sanitation	241,985	223,991	206,042	17,949
Capital outlay	20,000	24,500	--	24,500
Total Expenditures	<u>261,985</u>	<u>248,491</u>	<u>206,042</u>	<u>42,449</u>
Net Change in Fund Balance	(50,244)	(63,650)	12,882	76,532
Fund Balance, Beginning of Year	<u>692,622</u>	<u>692,622</u>	<u>692,622</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 642,378</u>	<u>\$ 628,972</u>	<u>\$ 705,504</u>	<u>\$ 76,532</u>

COUNTY OF LAKE

Budgetary Comparison Schedule IHSS Public Authority For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 389,337	\$ 389,337	\$ 250,760	\$ (138,577)
Other revenues	\$ 25,000	\$ 25,000	20,462	(4,538)
Total Revenues	<u>414,337</u>	<u>414,337</u>	<u>271,222</u>	<u>(143,115)</u>
Expenditures				
Current:				
Public assistance	\$ 389,337	\$ 389,337	250,526	138,811
Total Expenditures	<u>389,337</u>	<u>389,337</u>	<u>250,526</u>	<u>138,811</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>25,000</u>	<u>25,000</u>	<u>20,696</u>	<u>(4,304)</u>
Other Financing Sources (Uses)				
Transfers out	\$ (25,000)	\$ (25,000)	(20,462)	4,538
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(20,462)</u>	<u>4,538</u>
Net Change in Fund Balance	--	--	234	234
Fund Balance, Beginning of Year	--	--	--	--
Fund Balance, End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 234</u>	<u>\$ 234</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Recorder Programs For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 5,600	\$ 5,600	\$ 6,526	\$ 926
Charges for services	\$ 106,500	\$ 106,500	127,880	21,380
Total Revenues	<u>112,100</u>	<u>112,100</u>	<u>134,406</u>	<u>22,306</u>
Expenditures				
Current:				
Public protection	\$ 421,115	\$ 421,115	103,119	317,996
Total Expenditures	<u>421,115</u>	<u>421,115</u>	<u>103,119</u>	<u>317,996</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(309,015)</u>	<u>(309,015)</u>	<u>31,287</u>	<u>340,302</u>
Fund Balance, Beginning of Year	<u>1,645,781</u>	<u>1,645,781</u>	<u>1,645,781</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,336,766</u>	<u>\$ 1,336,766</u>	<u>\$ 1,677,068</u>	<u>\$ 340,302</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Air Quality District For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Licenses and permits	\$ 486,000	\$ 486,000	\$ 474,743	\$ (11,257)
Fines and forfeitures	60,050	60,050	29,061	(30,989)
Use of money and property	20,000	19,848	1,896	(17,952)
Intergovernmental revenues	611,000	646,000	393,408	(252,592)
Charges for services	3,300	3,300	3,011	(289)
Other revenues	49,000	49,000	20,443	(28,557)
Total Revenues	<u>1,229,350</u>	<u>1,264,198</u>	<u>922,562</u>	<u>(341,636)</u>
Expenditures				
Current:				
Public ways and facilities	1,205,090	1,204,104	577,741	626,363
Capital outlay	225,000	272,389	84,316	188,073
Total Expenditures	<u>1,430,090</u>	<u>1,476,493</u>	<u>662,057</u>	<u>814,436</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(200,740)</u>	<u>(212,295)</u>	<u>260,505</u>	<u>472,800</u>
Fund Balance, Beginning of Year	<u>285,210</u>	<u>285,210</u>	<u>285,210</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 84,470</u>	<u>\$ 72,915</u>	<u>\$ 545,715</u>	<u>\$ 472,800</u>

COUNTY OF LAKE

Budgetary Comparison Schedule CDBG Programs For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ --	\$ --	\$ 817	\$ 817
Other revenues	10,350	10,350	40,604	30,254
Total Revenues	<u>10,350</u>	<u>10,350</u>	<u>41,421</u>	<u>31,071</u>
Expenditures				
Current:				
General government	10,351	10,351	1	(1)
Public assistance	--	--	180,548	(170,197)
Total Expenditures	<u>10,351</u>	<u>10,351</u>	<u>180,549</u>	<u>(170,198)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1)</u>	<u>(1)</u>	<u>(139,128)</u>	<u>(139,127)</u>
Other Financing Sources (Uses)				
Transfers out	(190,627)	(190,627)	--	190,627
Total Other Financing Sources (Uses)	<u>(190,627)</u>	<u>(190,627)</u>	<u>--</u>	<u>190,627</u>
Net Change in Fund Balance	(190,628)	(190,628)	(139,128)	51,500
Fund Balance, Beginning of Year	<u>1,026,239</u>	<u>1,026,239</u>	<u>1,026,239</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 835,611</u>	<u>\$ 835,611</u>	<u>\$ 887,111</u>	<u>\$ 51,500</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Child Support Services For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ --	\$ --	\$ 861	\$ 861
Intergovernmental revenues	2,639,290	2,639,290	2,532,205	(107,085)
Other revenues	100,000	100,000	65	(99,935)
Total Revenues	<u>2,739,290</u>	<u>2,739,290</u>	<u>2,533,131</u>	<u>(206,159)</u>
Expenditures				
Current:				
Public protection	2,628,290	2,622,290	2,523,592	98,698
Capital outlay	111,000	117,000	100,868	16,132
Total Expenditures	<u>2,739,290</u>	<u>2,739,290</u>	<u>2,624,460</u>	<u>114,830</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>--</u>	<u>(91,329)</u>	<u>(320,989)</u>
Fund Balance, Beginning of Year	<u>81,328</u>	<u>81,328</u>	<u>81,328</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 81,328</u>	<u>\$ 81,328</u>	<u>\$ (10,001)</u>	<u>\$ (91,329)</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Museum For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 124	\$ 124	\$ 81	\$ (43)
Total Revenues	<u>124</u>	<u>124</u>	<u>81</u>	<u>(43)</u>
Expenditures				
Current:				
Recreation and culture	24,141	24,141	9,779	14,362
Total Expenditures	<u>24,141</u>	<u>24,141</u>	<u>9,779</u>	<u>14,362</u>
Net Change in Fund Balance	(24,017)	(24,017)	(9,698)	14,319
Fund Balance, Beginning of Year	<u>24,017</u>	<u>24,017</u>	<u>24,017</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 14,319</u>	<u>\$ 14,319</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Library For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and assessments	\$ 758,470	\$ 739,270	\$ 757,581	\$ 18,311
Fines and forfeitures	11	11	29	18
Use of money and property	9,450	9,450	12,361	2,911
Intergovernmental revenues	34,960	40,655	43,882	3,227
Charges for services	23,000	23,000	20,915	(2,085)
Other revenues	29,571	40,371	106,618	66,247
Total Revenues	<u>855,462</u>	<u>852,757</u>	<u>941,386</u>	<u>88,629</u>
Expenditures				
Current:				
Education	1,092,228	1,089,723	987,974	101,749
Total Expenditures	<u>1,092,228</u>	<u>1,089,723</u>	<u>987,974</u>	<u>101,749</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(236,766)</u>	<u>(236,966)</u>	<u>(46,588)</u>	<u>190,378</u>
Other Financing Sources (Uses)				
Transfers in	111,856	111,856	111,856	--
Total Other Financing Sources (Uses)	<u>111,856</u>	<u>111,856</u>	<u>111,856</u>	<u>--</u>
Net Change in Fund Balance	(124,910)	(125,110)	65,268	190,378
Fund Balance, Beginning of Year	<u>259,647</u>	<u>259,647</u>	<u>259,647</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 134,737</u>	<u>\$ 134,537</u>	<u>\$ 324,915</u>	<u>\$ 190,378</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Lakebed Management For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Licenses and permits	\$ 18,000	\$ 18,000	\$ 25,710	\$ 7,710
Use of money and property	680	680	881	201
Intergovernmental	94,825	94,825	4,083	(90,742)
Other revenues	160,000	160,000	160,055	55
Total Revenues	<u>273,505</u>	<u>273,505</u>	<u>190,729</u>	<u>(82,776)</u>
Expenditures				
Current:				
General government	305,616	305,616	209,838	95,778
Total Expenditures	<u>305,616</u>	<u>305,616</u>	<u>209,838</u>	<u>95,778</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(32,111)</u>	<u>(32,111)</u>	<u>(19,109)</u>	<u>13,002</u>
Other Financing Sources (Uses)				
Transfers in	161,000	161,000	--	161,000
Transfers out	(161,000)	(161,000)	--	(161,000)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	(32,111)	(32,111)	(19,109)	13,002
Fund Balance, Beginning of Year	<u>174,112</u>	<u>174,112</u>	<u>174,112</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 142,001</u>	<u>\$ 142,001</u>	<u>\$ 155,003</u>	<u>\$ 13,002</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Kelseyville Waterworks District For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and assessments	\$ 98,866	\$ 98,866	\$ 99,528	\$ 662
Fines and forfeitures	9	9	2,130	2,121
Use of money and property	3,100	3,100	3,191	91
Intergovernmental revenues	1,250	1,250	1,237	(13)
Charges for services	9,040	9,040	783,978	774,938
Other revenues	850,533	850,533	46	(850,487)
Total Revenues	<u>962,798</u>	<u>962,798</u>	<u>890,110</u>	<u>(72,688)</u>
Expenditures				
Current:				
Public ways and facilities	1,022,452	1,029,000	794,392	234,608
Capital outlay	291,000	291,000	199,752	91,248
Total Expenditures	<u>1,313,452</u>	<u>1,320,000</u>	<u>994,144</u>	<u>325,856</u>
Net Change in Fund Balance	(350,654)	(357,202)	(104,034)	253,168
Fund Balance, Beginning of Year	<u>824,398</u>	<u>824,398</u>	<u>824,398</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 473,744</u>	<u>\$ 467,196</u>	<u>\$ 720,364</u>	<u>\$ 253,168</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Behavioral Health Programs For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ 15,500	\$ 15,500	\$ 17,546	\$ 2,046
Use of money and property	15,560	15,560	27,177	11,617
Intergovernmental	14,049,012	14,637,034	12,272,747	(2,364,287)
Charges for services	261,500	261,500	262,537	1,037
Other revenues	89,004	89,004	53,076	(35,928)
Total Revenues	<u>14,430,576</u>	<u>15,018,598</u>	<u>12,633,083</u>	<u>(2,385,515)</u>
Expenditures				
Current:				
Health and sanitation	14,018,764	14,707,881	12,127,909	2,579,972
Capital outlay	1,475,673	1,475,673	33,439	1,442,234
Total Expenditures	<u>15,494,437</u>	<u>16,183,554</u>	<u>12,161,348</u>	<u>4,022,206</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,063,861)</u>	<u>(1,164,956)</u>	<u>471,735</u>	<u>1,636,691</u>
Other Financing Sources (Uses)				
Transfers in	61,112	61,112	61,112	--
Total Other Financing Sources (Uses)	<u>61,112</u>	<u>61,112</u>	<u>61,112</u>	<u>--</u>
Net Change in Fund Balance	(1,002,749)	(1,103,844)	532,847	1,636,691
Fund Balance, Beginning of Year	<u>5,433,038</u>	<u>5,433,038</u>	<u>5,433,038</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 4,430,289</u>	<u>\$ 4,329,194</u>	<u>\$ 5,965,885</u>	<u>\$ 1,636,691</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Lake County Housing Commission For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 116	\$ 116	\$ 617	\$ 501
Intergovernmental revenues	--	--	1,557,654	1,557,654
Charges for services	--	--	279,645	279,645
Other revenues	57,874	57,874	27,137	(30,737)
Total Revenues	<u>57,990</u>	<u>57,990</u>	<u>1,865,053</u>	<u>1,807,063</u>
Expenditures				
Current:				
Public assistance	--	--	1,897,754	(1,897,754)
Total Expenditures	<u>--</u>	<u>--</u>	<u>1,897,754</u>	<u>(1,897,754)</u>
Net Change in Fund Balance	57,990	57,990	(32,701)	(90,691)
Fund Balance, Beginning of Year	<u>1,185,348</u>	<u>1,185,348</u>	<u>1,185,348</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,243,338</u>	<u>\$ 1,243,338</u>	<u>\$ 1,152,647</u>	<u>\$ (90,691)</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Watershed Protection Districts For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and assessments	\$ 551,437	\$ 531,137	\$ 588,733	\$ 57,596
Licenses and permits	51,200	51,200	42,888	(8,312)
Fines and forfeitures	3,510	3,510	11,183	7,673
Use of money and property	9,063	9,063	16,233	7,170
Intergovernmental revenues	652,094	843,113	514,506	(328,607)
Charges for services	713,310	713,310	737,585	24,275
Other revenues	2,050	2,050	100,181	98,131
Total Revenues	<u>1,982,664</u>	<u>2,153,383</u>	<u>2,011,309</u>	<u>(142,074)</u>
Expenditures				
Current:				
General government	--	--	44,891	(44,891)
Public protection	2,235,893	2,494,459	1,592,088	902,371
Capital outlay	404,500	404,500	36,812	367,688
Total Expenditures	<u>2,640,393</u>	<u>2,898,959</u>	<u>1,673,791</u>	<u>1,225,168</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(657,729)</u>	<u>(745,576)</u>	<u>337,518</u>	<u>1,083,094</u>
Other Financing Sources (Uses)				
Transfers in	198,900	198,900	65,000	(133,900)
Transfers out	(23,900)	(23,900)	--	23,900
Total Other Financing Sources (Uses)	<u>175,000</u>	<u>175,000</u>	<u>65,000</u>	<u>(110,000)</u>
Net Change in Fund Balance	<u>(482,729)</u>	<u>(570,576)</u>	<u>402,518</u>	<u>973,094</u>
Fund Balance, Beginning of Year	<u>2,152,633</u>	<u>2,152,633</u>	<u>2,152,633</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,669,904</u>	<u>\$ 1,582,057</u>	<u>\$ 2,555,151</u>	<u>\$ 973,094</u>

COUNTY OF LAKE

Budgetary Comparison Schedule County Service Areas For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and assessments	\$ 246,474	\$ 239,714	\$ 244,025	\$ 4,311
Fines and forfeitures	55,656	55,656	8,585	(47,071)
Use of money and property	15,118	15,118	18,508	3,390
Intergovernmental revenues	3,655,149	3,655,149	1,445,176	(2,209,973)
Charges for services	179,872	179,872	1,899,754	1,719,882
Other revenues	2,095,786	3,793,850	1,925,130	(1,868,720)
Total Revenues	<u>6,248,055</u>	<u>7,939,359</u>	<u>5,541,178</u>	<u>(2,398,181)</u>
Expenditures				
Current:				
Public ways and facilities	2,721,343	2,734,014	2,079,720	654,294
Capital outlay	4,858,645	6,569,422	1,840,461	4,728,961
Total Expenditures	<u>7,579,988</u>	<u>9,303,436</u>	<u>3,920,181</u>	<u>5,383,255</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,331,933)</u>	<u>(1,364,077)</u>	<u>1,620,997</u>	<u>2,985,074</u>
Other Financing Sources (Uses)				
Transfers out	(62,093)	(204,075)	(169,553)	34,522
Total Other Financing Sources (Uses)	<u>(62,093)</u>	<u>(204,075)</u>	<u>(169,553)</u>	<u>34,522</u>
Net Change in Fund Balance	(1,394,026)	(1,568,152)	1,451,444	3,019,596
Fund Balance, Beginning of Year	<u>3,984,041</u>	<u>3,984,041</u>	<u>3,984,041</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 2,590,015</u>	<u>\$ 2,415,889</u>	<u>\$ 5,435,485</u>	<u>\$ 3,019,596</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Lighting Districts For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and assessments	\$ 83,803	\$ 76,463	\$ 85,779	\$ 9,316
Fines and forfeitures	238	238	57	(181)
Use of money and property	1,319	1,319	1,774	455
Intergovernmental revenues	1,243	1,243	1,207	(36)
Charges for services	2,600	2,600	2,503	(97)
Other revenue	--	3,783	6,971	3,188
Total Revenues	<u>89,203</u>	<u>85,646</u>	<u>98,291</u>	<u>12,645</u>
Expenditures				
Current:				
Public ways and facilities	88,196	95,762	90,545	5,217
Total Expenditures	<u>88,196</u>	<u>95,762</u>	<u>90,545</u>	<u>5,217</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,007</u>	<u>(10,116)</u>	<u>7,746</u>	<u>17,862</u>
Net Change in Fund Balance	<u>1,007</u>	<u>(10,116)</u>	<u>7,746</u>	<u>17,862</u>
Fund Balance, Beginning of Year	<u>432,957</u>	<u>432,957</u>	<u>432,957</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 433,964</u>	<u>\$ 422,841</u>	<u>\$ 440,703</u>	<u>\$ 17,862</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Sheriff Motor Pool For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ --	\$ --	\$ 229,941	\$ 229,941
Total Revenues	<u>--</u>	<u>--</u>	<u>229,941</u>	<u>229,941</u>
Expenditures				
Current:				
Capital outlay	<u>777,822</u>	<u>777,822</u>	<u>395,678</u>	<u>382,144</u>
Total Expenditures	<u>777,822</u>	<u>777,822</u>	<u>395,678</u>	<u>382,144</u>
Net Change in Fund Balance	(777,822)	(777,822)	(165,737)	612,085
Fund Balance, Beginning of Year	<u>1,967,998</u>	<u>1,967,998</u>	<u>1,967,998</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,190,176</u>	<u>\$ 1,190,176</u>	<u>\$ 1,802,261</u>	<u>\$ 612,085</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Sanitation Districts For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ 68,002	\$ 68,002	\$ 93,900	\$ 25,898
Use of money and property	13,301	13,301	22,244	8,943
Intergovernmental revenues	--	--	10,670	10,670
Charges for services	37,960	37,960	6,358,834	6,320,874
Other revenues	6,496,659	6,625,814	53,310	(6,572,504)
Total Revenues	<u>6,615,922</u>	<u>6,745,077</u>	<u>6,538,958</u>	<u>(206,119)</u>
Expenditures				
Current:				
Health and sanitation	6,203,699	6,216,349	4,999,405	1,216,944
Capital outlay	1,246,103	1,389,103	966,644	422,459
Total Expenditures	<u>7,449,802</u>	<u>7,605,452</u>	<u>5,966,049</u>	<u>1,639,403</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(833,880)</u>	<u>(860,375)</u>	<u>572,909</u>	<u>1,433,284</u>
Net Change in Fund Balance	<u>(833,880)</u>	<u>(860,375)</u>	<u>572,909</u>	<u>1,433,284</u>
Fund Balance, Beginning of Year	<u>4,043,352</u>	<u>4,043,352</u>	<u>4,043,352</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 3,209,472</u>	<u>\$ 3,182,977</u>	<u>\$ 4,616,261</u>	<u>\$ 1,433,284</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Public Safety Facilities - Capital Projects Fund For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenues	\$ --	\$ --	\$ --	\$ --
Total Revenues	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures				
Current:				
General government	3,284,646	4,075,646	581,973	3,493,673
Total Expenditures	<u>3,284,646</u>	<u>4,075,646</u>	<u>581,973</u>	<u>3,493,673</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,284,646)</u>	<u>(4,075,646)</u>	<u>(581,973)</u>	<u>3,493,673</u>
Other Financing Sources (Uses)				
Transfers in	109,009	900,009	900,009	--
Total Other Financing Sources (Uses)	<u>109,009</u>	<u>900,009</u>	<u>900,009</u>	<u>--</u>
Net Change in Fund Balance	(3,175,637)	(3,175,637)	318,036	3,493,673
Fund Balance, Beginning of Year	<u>1,675,636</u>	<u>1,675,636</u>	<u>1,675,636</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ (1,500,001)</u>	<u>\$ (1,500,001)</u>	<u>\$ 1,993,672</u>	<u>\$ 3,493,673</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Special Projects - Capital Projects Fund For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 1,056,939	\$ 1,056,939	\$ 76,733	\$ (980,206)
Other revenues	--	--	2,595	2,595
Total Revenues	<u>1,056,939</u>	<u>1,056,939</u>	<u>79,328</u>	<u>(977,611)</u>
Expenditures				
Current:				
General government	3,670,129	3,670,129	211,525	3,458,604
Total Expenditures	<u>3,670,129</u>	<u>3,670,129</u>	<u>211,525</u>	<u>3,458,604</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,613,190)</u>	<u>(2,613,190)</u>	<u>(132,197)</u>	<u>2,480,993</u>
Other Financing Sources (Uses)				
Transfers in	377,414	377,414	375,000	2,414
Total Other Financing Sources (Uses)	<u>377,414</u>	<u>377,414</u>	<u>375,000</u>	<u>2,414</u>
Net Change in Fund Balance	(2,235,776)	(2,235,776)	242,803	2,483,407
Fund Balance, Beginning of Year	<u>2,235,777</u>	<u>2,235,777</u>	<u>2,235,777</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 2,478,580</u>	<u>\$ 2,478,579</u>

COUNTY OF LAKE

Budgetary Comparison Schedule Animal Control - Capital Projects Fund For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current:				
General government	\$ 13,278	\$ 13,278	13,277	\$ 1
Total Expenditures	<u>13,278</u>	<u>13,278</u>	<u>13,277</u>	<u>1</u>
 Net Change in Fund Balance	(13,278)	(13,278)	(13,277)	(1)
 Fund Balance, Beginning of Year	<u>13,277</u>	<u>13,277</u>	<u>13,277</u>	<u>--</u>
 Fund Balance, End of Year	<u><u>\$ (1)</u></u>	<u><u>\$ (1)</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 1</u></u>

COUNTY OF LAKE

Budgetary Comparison Schedule Lampson Airport - Capital Projects Fund For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 178	\$ 178	\$ 200	\$ 22
Intergovernmental revenues	168,363	168,363	7,964	(160,399)
Other revenues	2,825	2,825	--	(2,825)
Total Revenues	<u>171,366</u>	<u>171,366</u>	<u>8,164</u>	<u>(163,202)</u>
Expenditures				
Current:				
Public ways and facilities	221,820	221,820	53,215	168,605
Total Expenditures	<u>221,820</u>	<u>221,820</u>	<u>53,215</u>	<u>168,605</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(50,454)</u>	<u>(50,454)</u>	<u>(45,051)</u>	<u>5,403</u>
Other Financing Sources (Uses)				
Transfers in	11,957	11,957	11,957	--
Transfers out	(24,233)	(24,233)	--	(24,233)
Total Other Financing Sources (Uses)	<u>(12,276)</u>	<u>(12,276)</u>	<u>11,957</u>	<u>(24,233)</u>
Net Change in Fund Balance	(62,730)	(62,730)	(33,094)	(18,830)
Fund Balance, Beginning of Year	<u>62,730</u>	<u>62,730</u>	<u>62,730</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 29,636</u>	<u>\$ 29,636</u>

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INTERNAL SERVICE FUNDS

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**COUNTY OF LAKE, CALIFORNIA
INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments on a cost reimbursement basis. Internal service funds used at the County are listed below:

- **UNEMPLOYMENT INSURANCE**
to account for the operations of the County unemployment self insurance program.
- **PUBLIC LIABILITY INSURANCE**
to account for the operations of the County liability insurance program.
- **WORKERS' COMPENSATION INSURANCE**
to account for the operation of the County workers' compensation insurance program.
- **COUNTY HEALTH AND WELLNESS**
to account for the operations of the County self funded health and wellness programs.
- **HEAVY EQUIPMENT RENTAL**
to account for the cost of heavy equipment maintenance and operations usage and to accumulate funds for the future replacement of heavy equipment.
- **FLEET MAINTENANCE**
to account for the cost of general services fleet operations and maintenance.
- **CENTRAL GARAGE**
to account for the cost of fleet repairs.

COUNTY OF LAKE

Combining Statement of Net Position Internal Service Funds June 30, 2016

	Risk Management			
	Unemployment Insurance	Public Liability Insurance	Workers' Compensation Insurance	Employee Health/Wellness
Assets				
Current Assets:				
Cash and investments	\$ 589,312	\$ 762,926	\$ 171,604	\$ 97,541
Inventory	--	--	--	--
Total Current Assets	<u>589,312</u>	<u>762,926</u>	<u>171,604</u>	<u>97,541</u>
Noncurrent Assets:				
Capital assets				
Nondepreciable	--	--	--	--
Depreciable, net	--	--	--	--
Total Noncurrent Assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Assets	<u>589,312</u>	<u>762,926</u>	<u>171,604</u>	<u>97,541</u>
Liabilities				
Current Liabilities:				
Accounts payable	--	9,122	--	--
Salaries and benefits payable	--	--	--	8,999
Compensated absences payable	--	--	--	--
Total Current Liabilities	<u>--</u>	<u>9,122</u>	<u>--</u>	<u>8,999</u>
Noncurrent Liabilities:				
Compensated absences payable	--	--	--	--
Net OPEB obligation	--	--	--	--
Estimated claims liability	140,820	569,023	--	--
Total Noncurrent Liabilities	<u>140,820</u>	<u>569,023</u>	<u>--</u>	<u>--</u>
Total Liabilities	<u>140,820</u>	<u>578,145</u>	<u>--</u>	<u>8,999</u>
Net Position				
Net investment in capital assets	--	--	--	--
Unrestricted	<u>448,492</u>	<u>184,781</u>	<u>171,604</u>	<u>88,542</u>
Total Net Position	<u>\$ 448,492</u>	<u>\$ 184,781</u>	<u>\$ 171,604</u>	<u>\$ 88,542</u>

continued

COUNTY OF LAKE

Combining Statement of Net Position (continued) Internal Service Funds June 30, 2016

	Heavy Equipment Rental	Fleet Maintenance	Central Garage	Totals
Assets				
Current Assets:				
Cash and investments	\$ 762,623	\$ 92,993	\$ 632,027	\$ 3,109,026
Inventory	14,122	--	360	14,482
Total Current Assets	<u>776,745</u>	<u>92,993</u>	<u>632,387</u>	<u>3,123,508</u>
Noncurrent Assets:				
Capital assets				
Nondepreciable	--	--	48,233	48,233
Depreciable, net	605,011	--	339,715	944,726
Total Noncurrent Assets	<u>605,011</u>	<u>--</u>	<u>387,948</u>	<u>992,959</u>
Total Assets	<u>1,381,756</u>	<u>92,993</u>	<u>1,020,335</u>	<u>4,116,467</u>
Liabilities				
Current Liabilities:				
Accounts payable	3,604	224	8,415	21,365
Salaries and benefits payable	--	35,508	--	44,507
Compensated absences payable	--	5,072	--	5,072
Total Current Liabilities	<u>3,604</u>	<u>40,804</u>	<u>8,415</u>	<u>70,944</u>
Noncurrent Liabilities:				
Compensated absences payable	--	18,641	--	18,641
Net OPEB obligation	--	32,668	--	32,668
Estimated claims liability	--	--	--	709,843
Total Noncurrent Liabilities	<u>--</u>	<u>51,309</u>	<u>--</u>	<u>761,152</u>
Total Liabilities	<u>3,604</u>	<u>92,113</u>	<u>8,415</u>	<u>832,096</u>
Net Position				
Net investment in capital assets	605,011	--	387,948	992,959
Unrestricted	<u>773,141</u>	<u>880</u>	<u>623,972</u>	<u>2,291,412</u>
Total Net Position	<u>\$ 1,378,152</u>	<u>\$ 880</u>	<u>\$ 1,011,920</u>	<u>\$ 3,284,371</u>

COUNTY OF LAKE

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Funds For the Year Ended June 30, 2016

	Risk Management			
	Unemployment Insurance	Public Liability Insurance	Workers' Compensation Insurance	Employee Health/Wellness
Operating Revenues				
Charges for services	\$ 128,012	\$ 1,458,804	\$ 3,328,071	\$ --
Rents and concessions	--	--	--	--
Other revenue	--	--	--	8,235
Total Operating Revenues	<u>128,012</u>	<u>1,458,804</u>	<u>3,328,071</u>	<u>8,235</u>
Operating Expenses				
Salaries and benefits	--	--	--	--
Services and supplies	3,457	222,295	77,624	54,676
Maintenance	--	--	--	--
Claims/liability adjustments	246,409	988,791	3,310,509	--
Depreciation	--	--	--	--
Total Operating Expenses	<u>249,866</u>	<u>1,211,086</u>	<u>3,388,133</u>	<u>54,676</u>
Operating Income (Loss)	<u>(121,854)</u>	<u>247,718</u>	<u>(60,062)</u>	<u>(46,441)</u>
Non-Operating Revenues and Expenses				
Interest income	2,845	2,546	1,133	560
Gain (loss) on sale of capital assets	--	--	--	--
Total Non-Operating Revenues and Expenses	<u>2,845</u>	<u>2,546</u>	<u>1,133</u>	<u>560</u>
Change in Net Position	(119,009)	250,264	(58,929)	(45,881)
Net Position, Beginning of Year	<u>567,501</u>	<u>(65,483)</u>	<u>230,533</u>	<u>134,423</u>
Net Position, End of Year	<u>\$ 448,492</u>	<u>\$ 184,781</u>	<u>\$ 171,604</u>	<u>\$ 88,542</u>

continued

COUNTY OF LAKE

Combining Statement of Revenues, Expenses and Changes in Fund Net Position (continued) Internal Service Funds For the Year Ended June 30, 2016

	Heavy Equipment Rental	Fleet Maintenance	Central Garage	Total
Operating Revenues				
Charges for services	\$ --	\$ 439,466	\$ 478,749	\$ 5,833,102
Rents and concessions	1,003,607	--	--	1,003,607
Other revenue	16,937	--	--	25,172
Total Operating Revenues	<u>1,020,544</u>	<u>439,466</u>	<u>478,749</u>	<u>6,861,881</u>
Operating Expenses				
Salaries and benefits	--	398,039	--	398,039
Services and supplies	535,485	48,792	302,860	1,245,189
Maintenance	169,532	--	--	169,532
Claims/liability adjustments	--	--	--	4,545,709
Depreciation	271,054	--	126,665	397,719
Total Operating Expenses	<u>976,071</u>	<u>446,831</u>	<u>429,525</u>	<u>6,756,188</u>
Operating Income (Loss)	<u>44,473</u>	<u>(7,365)</u>	<u>49,224</u>	<u>105,693</u>
Non-Operating Revenues and Expenses				
Interest income	--	--	2,849	9,933
Gain (loss) on sale of capital assets	--	--	5,700	5,700
Total Non-Operating Revenues and Expenses	<u>--</u>	<u>--</u>	<u>8,549</u>	<u>15,633</u>
Change in Net Position	44,473	(7,365)	57,773	121,326
Net Position, Beginning of Year	<u>1,333,679</u>	<u>8,245</u>	<u>954,147</u>	<u>3,163,045</u>
Net Position, End of Year	<u>\$ 1,378,152</u>	<u>\$ 880</u>	<u>\$ 1,011,920</u>	<u>\$ 3,284,371</u>

COUNTY OF LAKE

Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2016

	Risk Management			
	Unemployment Insurance	Public Liability Insurance	Workers' Compensation Insurance	Employee Health/Wellness
Cash Flows from Operating Activities:				
Receipts from interfund charges for service	\$ 128,012	\$ 1,458,804	\$ 3,328,071	\$ 8,235
Payments to suppliers	(225,354)	(1,190,647)	(3,388,133)	(54,730)
Payments to employees	--	--	--	8,999
Net Cash Provided (Used) by Operating Activities	<u>(97,342)</u>	<u>268,157</u>	<u>(60,062)</u>	<u>(37,496)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases of capital assets	--	--	--	--
Gain (loss) on disposal of capital assets	--	--	--	--
Proceeds from sale of capital assets	--	--	--	--
Net Cash Provided (Used) by Capital Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Cash Flows from Investing Activities:				
Interest and dividends	2,845	2,546	1,133	560
Net Cash Provided (Used) by Investing Activities	<u>2,845</u>	<u>2,546</u>	<u>1,133</u>	<u>560</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(94,497)	270,703	(58,929)	(36,936)
Balances - Beginning of Year	<u>683,809</u>	<u>492,223</u>	<u>230,533</u>	<u>134,477</u>
Balances - End of Year	<u><u>\$ 589,312</u></u>	<u><u>\$ 762,926</u></u>	<u><u>\$ 171,604</u></u>	<u><u>\$ 97,541</u></u>

continued

COUNTY OF LAKE

Combining Statement of Cash Flows (continued) Internal Service Funds For the Year Ended June 30, 2016

	Heavy Equipment Rental	Fleet Maintenance	Central Garage	Totals
Cash Flows from Operating Activities:				
Receipts from customers	\$ 1,020,544	\$ 439,466	\$ 478,749	\$ 6,861,881
Payments to suppliers	(706,806)	(48,931)	(302,164)	(5,916,765)
Payments to employees	--	(394,381)	--	(385,382)
Net Cash Provided (Used) by Operating Activities	<u>313,738</u>	<u>(3,846)</u>	<u>176,585</u>	<u>559,734</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases of capital assets	(220,717)	--	(167,858)	(388,575)
Gain (loss) on disposal of capital assets	--	--	(27,387)	(27,387)
Proceeds from sale of capital assets	--	--	5,700	5,700
Net Cash Provided (Used) by Capital Related Financing Activities	<u>(220,717)</u>	<u>--</u>	<u>(189,545)</u>	<u>(410,262)</u>
Cash Flows from Investing Activities:				
Interest and dividends	--	--	2,849	9,933
Net Cash Provided (Used) by Investing Activities	<u>--</u>	<u>--</u>	<u>2,849</u>	<u>9,933</u>
Net Increase (Decrease) in Cash and Cash Equivalents	93,021	(3,846)	(10,111)	159,405
Balances - Beginning of Year	<u>669,602</u>	<u>96,839</u>	<u>642,138</u>	<u>2,949,621</u>
Balances - End of Year	<u>\$ 762,623</u>	<u>\$ 92,993</u>	<u>\$ 632,027</u>	<u>\$ 3,109,026</u>

continued

COUNTY OF LAKE

Combining Statement of Cash Flows (continued) Internal Service Funds For the Year Ended June 30, 2016

	Risk Management			
	Unemployment Insurance	Public Liability Insurance	Workers' Compensation Insurance	Employee Health/Wellness
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (121,854)	\$ 247,718	\$ (60,062)	\$ (46,441)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation	--	--	--	--
Decrease (increase) in:				
Inventory	--	--	--	--
Increase (decrease) in:				
Accounts payable	--	9,122	--	(54)
Salaries and benefits payable	--	--	--	8,999
Compensated absences payable	--	--	--	--
OPEB obligation	--	--	--	--
Estimated claims liability	24,512	11,317	--	--
Net Cash Provided (Used) by Operating Activities	<u>\$ (97,342)</u>	<u>\$ 268,157</u>	<u>\$ (60,062)</u>	<u>\$ (37,496)</u>

continued

COUNTY OF LAKE

Combining Statement of Cash Flows (continued) Internal Service Funds For the Year Ended June 30, 2016

	Heavy Equipment Rental	Fleet Maintenance	Central Garage	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 44,473	\$ (7,365)	\$ 49,224	\$ 105,693
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation	271,054	--	126,665	397,719
Decrease (increase) in:				
Inventory	2,284		374	2,658
Increase (decrease) in:				
Accounts payable	(4,073)	(139)	322	5,178
Salaries and benefits payable	--	2,063	--	11,062
Compensated absences payable	--	(1,295)	--	(1,295)
OPEB obligation	--	2,890	--	2,890
Estimated claims liability	--	--	--	35,829
Net Cash Provided (Used) by Operating Activities	<u>\$ 313,738</u>	<u>\$ (3,846)</u>	<u>\$ 176,585</u>	<u>\$ 559,734</u>

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TRUST AND AGENCY FUNDS

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COUNTY OF LAKE

Combining Statement of Fiduciary Net Position Investment Trust Funds June 30, 2016

	Special Districts Governed by Local Boards	School Districts	Total Investment Trust Funds
Assets			
Cash and investments	\$ 15,780,328	\$ 42,480,142	\$ 58,260,470
Total Assets	<u>\$ 15,780,328</u>	<u>\$ 42,480,142</u>	<u>\$ 58,260,470</u>
Net Position			
Held in trust	<u>\$ 15,780,328</u>	<u>\$ 42,480,142</u>	<u>\$ 58,260,470</u>

COUNTY OF LAKE

Combining Statement of Changes in Fiduciary Net Position Investment Trust Funds For the Year Ended June 30, 2016

	Special Districts Governed by Local Boards	School Districts	Total Investment Trust Funds
Additions			
Contributions from participants	\$ 23,930,387	\$ 135,486,722	\$ 159,417,109
Interest and investment income	51,412	147,734	199,146
Total Additions	<u>23,981,799</u>	<u>135,634,456</u>	<u>159,616,255</u>
Deductions			
Distributions to participants	20,468,954	126,890,601	147,359,555
Total Deductions	<u>20,468,954</u>	<u>126,890,601</u>	<u>147,359,555</u>
Change in Net Position	3,512,845	8,743,855	12,256,700
Net Position, Beginning of Year	<u>12,267,483</u>	<u>33,736,287</u>	<u>46,003,770</u>
Net Position, End of Year	<u>\$ 15,780,328</u>	<u>\$ 42,480,142</u>	<u>\$ 58,260,470</u>

COUNTY OF LAKE

Combining Statement of Assets and Liabilities Agency Funds June 30, 2016

	County Departmental	Unapportioned Taxes	Unapportioned Interest	Total
Assets				
Cash and investments	\$ 7,882,699	\$ 3,566,888	\$ 320,218	\$ 11,769,805
Taxes and assessments receivable	--	9,408,933	--	9,408,933
Total Assets	<u>\$ 7,882,699</u>	<u>\$ 12,975,821</u>	<u>\$ 320,218</u>	<u>\$ 21,178,738</u>
Liabilities				
Fiduciary liabilities	\$ 7,882,699	\$ 12,975,821	\$ 320,218	\$ 21,178,738
Total Liabilities	<u>\$ 7,882,699</u>	<u>\$ 12,975,821</u>	<u>\$ 320,218</u>	<u>\$ 21,178,738</u>

COUNTY OF LAKE

Combining Statement of Changes in Assets and Liabilities Agency Funds For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
County Departmental				
ASSETS				
Cash and investments	\$ 6,471,088	\$ 62,483,946	\$ 61,072,335	\$ 7,882,699
Total Assets	<u>\$ 6,471,088</u>	<u>\$ 62,483,946</u>	<u>\$ 61,072,335</u>	<u>\$ 7,882,699</u>
LIABILITIES				
Agency fund obligations	\$ 6,471,088	\$ 1,411,611	\$ --	\$ 7,882,699
Total Liabilities	<u>\$ 6,471,088</u>	<u>\$ 1,411,611</u>	<u>\$ --</u>	<u>\$ 7,882,699</u>
Unapportioned Taxes				
ASSETS				
Cash and investments	\$ 3,843,406	\$ 144,795,210	\$ 145,071,728	\$ 3,566,888
Taxes receivable	9,014,678	98,743,811	98,349,556	9,408,933
Total Assets	<u>\$ 12,858,084</u>	<u>\$ 243,539,021</u>	<u>\$ 243,421,284</u>	<u>\$ 12,975,821</u>
LIABILITIES				
Agency fund obligations	\$ 12,858,084	\$ 117,737	\$ --	\$ 12,975,821
Total Liabilities	<u>\$ 12,858,084</u>	<u>\$ 117,737</u>	<u>\$ --</u>	<u>\$ 12,975,821</u>
Unapportioned Interest				
ASSETS				
Cash and investments	\$ 89,044	\$ 320,218	\$ 89,044	\$ 320,218
Total Assets	<u>\$ 89,044</u>	<u>\$ 320,218</u>	<u>\$ 89,044</u>	<u>\$ 320,218</u>
LIABILITIES				
Agency fund obligations	\$ 89,044	\$ 320,218	\$ 89,044	\$ 320,218
Total Liabilities	<u>\$ 89,044</u>	<u>\$ 320,218</u>	<u>\$ 89,044</u>	<u>\$ 320,218</u>
Total Agency Funds				
ASSETS				
Cash and investments	\$ 10,403,538	\$ 207,599,374	\$ 206,233,107	\$ 11,769,805
Taxes receivable	9,014,678	98,743,811	98,349,556	9,408,933
Total Assets	<u>\$ 19,418,216</u>	<u>\$ 306,343,185</u>	<u>\$ 304,582,663</u>	<u>\$ 21,178,738</u>
LIABILITIES				
Agency fund obligations	19,418,216	1,849,566	89,044	21,178,738
Total Liabilities	<u>\$ 19,418,216</u>	<u>\$ 1,849,566</u>	<u>\$ 89,044</u>	<u>\$ 21,178,738</u>

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COUNTY OF LAKE, CALIFORNIA STATISTICAL SECTION

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

- **Financial Trends**

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

- **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

- **Debt Capacity**

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

- **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

- **Operating Information**

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

COUNTY OF LAKE

Government-wide Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2006-2007	2007-2008	2008-2009	2009-2010
Governmental activities				
Net investment in capital assets ¹	\$ 115,150,670	\$ 120,244,745	\$ 123,233,208	\$ 127,764,406
Restricted	43,103,393	44,988,334	37,737,244	34,348,436
Unrestricted	22,244,523	26,111,442	30,706,166	28,232,351
Total governmental activities net position	<u>\$ 180,498,586</u>	<u>\$ 191,344,521</u>	<u>\$ 191,676,618</u>	<u>\$ 190,345,193</u>
Business-type activities				
Net investment in capital assets	\$ 5,835,973	\$ 5,507,681	\$ 5,224,410	\$ 5,290,950
Restricted	3,761,534	3,761,534	4,377,906	4,648,601
Unrestricted	311,985	(346,376)	(1,586,849)	(2,800,818)
Total business-type activities net position	<u>\$ 9,909,492</u>	<u>\$ 8,922,839</u>	<u>\$ 8,015,467</u>	<u>\$ 7,138,733</u>
Primary government				
Net investment in capital assets	\$ 120,986,643	\$ 125,752,426	\$ 128,457,618	\$ 133,055,356
Restricted	46,864,927	48,749,868	42,115,150	38,997,037
Unrestricted	22,556,508	25,765,066	29,119,317	25,431,533
Total primary government net position ²	<u>\$ 190,408,078</u>	<u>\$ 200,267,360</u>	<u>\$ 199,692,085</u>	<u>\$ 197,483,926</u>
Percent of increase (decrease) in primary government net position	1.81%	5.18%	-0.29%	-1.11%

Notes:

¹ Capital assets include land, easements, infrastructure, construction in progress, structures and improvements, and equipment

² Accounting standards require that net position be reported in three components in the government-wide financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only when an external party, such as the state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the County.

Fiscal Year					
2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
\$ 129,759,766	\$ 127,708,334	\$ 132,157,699	\$ 139,735,646	\$ 141,165,157	\$ 147,363,850
41,329,661	43,606,529	46,229,210	58,774,579	59,947,580	60,240,953
29,428,896	30,017,634	34,954,306	22,045,340	(31,119,468)	(28,318,120)
<u>\$ 200,518,323</u>	<u>\$ 201,332,497</u>	<u>\$ 213,341,215</u>	<u>\$ 220,555,565</u>	<u>\$ 169,993,269</u>	<u>\$ 179,286,683</u>
\$ 4,955,759	\$ 4,820,394	\$ 4,515,458	\$ 5,461,380	\$ 5,476,880	\$ 6,052,327
4,601,544	--	--	--	--	--
(3,246,244)	1,361,889	1,910,311	1,308,741	905,974	7,020,242
<u>\$ 6,311,059</u>	<u>\$ 6,182,283</u>	<u>\$ 6,425,769</u>	<u>\$ 6,770,121</u>	<u>\$ 6,382,854</u>	<u>\$ 13,072,569</u>
\$ 134,715,525	\$ 132,528,728	\$ 136,673,157	\$ 145,197,026	\$ 146,642,037	\$ 153,416,177
45,931,205	43,606,529	46,229,210	58,774,579	59,947,580	60,240,953
26,182,652	31,379,523	36,864,617	23,354,081	(30,213,494)	(21,297,878)
<u>\$ 206,829,382</u>	<u>\$ 207,514,780</u>	<u>\$ 219,766,984</u>	<u>\$ 227,325,686</u>	<u>\$ 176,376,123</u>	<u>\$ 192,359,252</u>
4.73%	0.33%	5.90%	3.44%	-22.41%	9.06%

COUNTY OF LAKE

Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2006-2007	2007-2008	2008-2009	2009-2010
Expenses				
Governmental activities				
General government	\$ 11,973,174	\$ 13,715,474	\$ 15,191,663	\$ 14,123,720
Public protection	36,627,134	37,743,276	37,770,494	36,406,853
Public ways and facilities	20,045,967	20,170,809	15,298,651	15,710,332
Health and sanitation	35,564,972	22,698,200	29,294,683	24,636,130
Public assistance	25,252,478	34,286,211	38,139,448	37,990,878
Education	1,424,273	1,364,334	1,328,710	1,259,325
Recreational and cultural services	903,185	1,200,640	1,425,587	1,419,818
Debt service:				
Interest and fiscal charges	933,711	862,712	836,875	691,874
Total governmental activities expense	132,724,894	132,041,656	139,286,111	132,238,930
Business-type activities				
Solid waste management	3,064,560	2,800,899	2,713,001	2,536,356
Total business-type activities expenses	3,064,560	2,800,899	2,713,001	2,536,356
Total primary government expenses	<u>\$ 135,789,454</u>	<u>\$ 134,842,555</u>	<u>\$ 141,999,112</u>	<u>\$ 134,775,286</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 3,481,398	\$ 3,829,049	\$ 4,247,868	\$ 4,112,277
Public protection	5,902,131	5,393,016	4,552,776	4,056,989
Public ways and facilities	7,163,899	7,948,728	8,083,963	7,775,941
Health and sanitation	7,339,494	8,047,289	7,461,033	9,332,628
Public assistance	298,525	75,856	116,815	329,422
Education	25,320	26,813	24,953	23,773
Recreational and cultural	100,084	52,598	10,179	34,300
Operating grants and contributions	70,189,286	68,767,430	69,921,581	61,741,466
Capital grants and contributions	3,831,901	6,150,223	4,017,714	4,216,888
Total governmental activities program revenues	98,332,038	100,291,002	98,436,882	91,623,684
Business-type activities				
Charges for services				
Solid waste management	2,301,626	1,876,406	1,604,137	1,560,729
Operating grants and contributions	132,879	--	78,599	29,296
Capital grants and contributions	--	--	50,915	--
Total business-type activities program revenues	2,434,505	1,876,406	1,733,651	1,590,025
Total primary government program revenues	<u>\$ 100,766,543</u>	<u>\$ 102,167,408</u>	<u>\$ 100,170,533</u>	<u>\$ 93,213,709</u>
Net (Expense)Revenue ¹				
Governmental activities	(34,392,856)	(31,750,654)	(40,849,229)	(40,615,246)
Business-type activities	(630,055)	(924,493)	(979,350)	(946,331)
Total Primary Government Net Expense	<u>\$ (35,022,911)</u>	<u>\$ (32,675,147)</u>	<u>\$ (41,828,579)</u>	<u>\$ (41,561,577)</u>

Fiscal Year					
2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
\$ 11,993,533	\$ 13,378,397	\$ 11,277,248	\$ 11,881,773	\$ 10,799,649	\$ 11,857,357
35,912,625	34,497,620	35,548,919	37,962,106	37,276,431	48,942,512
15,922,559	15,962,568	12,783,460	13,223,197	13,601,346	15,245,885
22,820,937	24,367,096	24,043,204	24,652,711	25,795,685	26,374,767
39,943,808	39,828,753	40,115,108	41,164,775	40,500,099	43,073,851
1,255,839	1,220,056	1,342,771	1,270,546	1,206,245	1,219,463
1,473,657	1,576,138	1,678,444	1,660,156	1,783,520	1,818,386
632,157	1,178,234	557,357	622,320	580,154	558,711
129,955,115	132,008,862	127,346,511	132,437,584	131,543,129	149,090,932
2,469,243	2,211,157	2,364,280	2,375,976	2,540,963	10,302,059
2,469,243	2,211,157	2,364,280	2,375,976	2,540,963	10,302,059
\$ 132,424,358	\$ 134,220,019	\$ 129,710,791	\$ 134,813,560	\$ 134,084,092	\$ 159,392,991
\$ 3,024,021	\$ 4,626,453	\$ 4,840,325	\$ 4,558,630	\$ 4,361,897	\$ 5,388,446
4,173,442	5,536,892	5,467,359	5,532,455	5,573,162	7,296,105
9,788,016	6,991,945	7,357,706	7,715,549	7,368,399	6,891,268
6,885,409	8,065,592	8,734,527	9,382,913	8,535,190	7,404,252
2,755,571	2,633,758	2,721,283	2,752,479	1,481,046	2,189,311
22,965	61,346	65,823	59,309	51,557	124,310
34,782	31,989	20,955	27,660	24,914	699,609
77,928,429	68,923,497	76,189,444	77,383,334	79,675,548	89,602,737
33,146	--	--	1,013,855	2,117,077	4,303,438
104,645,781	96,871,472	105,397,422	108,426,184	109,188,790	123,899,476
1,422,835	1,950,735	2,490,604	2,611,102	2,851,946	16,870,395
117,700	--	36,787	24,500	79,082	52,208
--	43,557	--	--	--	--
1,540,535	1,994,292	2,527,391	2,635,602	2,931,028	16,922,603
\$ 106,186,316	\$ 98,865,764	\$ 107,924,813	\$ 111,061,786	\$ 112,119,818	\$ 140,822,079
(25,309,334)	(35,137,390)	(21,949,089)	(24,011,400)	(22,354,339)	(25,191,456)
(928,708)	(216,865)	163,111	259,626	390,065	6,620,544
\$ (26,238,042)	\$ (35,354,255)	\$ (21,785,978)	\$ (23,751,774)	\$ (21,964,274)	\$ (18,570,912)

continued

COUNTY OF LAKE

Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2006-2007	2007-2008	2008-2009	2009-2010
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 26,972,169	\$ 27,998,064	\$ 29,628,849	\$ 29,263,637
Franchise taxes	730,550	786,178	739,433	817,420
Sales and use taxes	5,932,674	5,854,355	5,486,727	4,062,900
Transient occupancy taxes	940,753	936,984	806,190	676,696
Transfer taxes	448,378	302,170	240,480	224,239
Aircraft taxes	22,705	20,157	19,737	23,113
Timber yield taxes	3,417	7,553	1,254	38
Other taxes	--	--	--	--
Grants and contributions - unrestricted	81,785	--	--	--
Tobacco settlement	605,480	644,592	654,848	590,621
Unrestricted interest and investment earnings	4,051,437	3,346,150	2,016,232	1,683,059
Miscellaneous	2,011,988	2,617,433	1,587,576	1,942,098
Transfers	--	3,396	--	--
Total governmental activities	<u>41,801,336</u>	<u>42,517,032</u>	<u>41,181,326</u>	<u>39,283,821</u>
Business-Type Activities:				
Taxes:				
Property taxes	1,543	--	--	--
Franchise taxes	--	--	--	--
Unrestricted interest and investment earnings	3,998	(59,977)	71,978	61,166
Miscellaneous	24,243	1,213	--	8,431
Transfers	--	(3,396)	--	--
Total business-type activities	<u>29,784</u>	<u>(62,160)</u>	<u>71,978</u>	<u>69,597</u>
Total primary government	<u>\$ 41,831,120</u>	<u>\$ 42,454,872</u>	<u>\$ 41,253,304</u>	<u>\$ 39,353,418</u>
Change in Net Position				
Governmental activities	\$ 7,408,480	\$ 10,766,378	\$ 332,097	\$ (1,331,425)
Business-type activities	(600,271)	(986,653)	(907,372)	(876,734)
Total primary government	<u>\$ 6,808,209</u>	<u>\$ 9,779,725</u>	<u>\$ (575,275)</u>	<u>\$ (2,208,159)</u>

¹Net expense is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and general revenues. Numbers in parentheses are net expenses, indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program.

Source: Basic financial statements and Comprehensive Annual Financial Reports - County of Lake, California

Fiscal Year					
2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
\$ 29,018,335	\$ 25,610,938	\$ 24,594,160	\$ 26,108,493	\$ 25,897,761	\$ 26,814,811
651,036	634,372	625,391	641,074	658,846	670,775
2,031,078	2,616,216	2,758,221	2,711,513	2,658,395	2,606,804
589,880	601,015	441,277	660,370	592,113	713,172
198,620	218,292	282,173	279,410	289,069	378,031
--	--	--	--	--	--
--	--	--	--	--	--
22,940	19,244	20,285	17,197	19,029	25,806
--	--	--	--	--	--
--	--	--	--	--	--
872,240	910,958	843,435	800,784	723,283	829,984
1,868,131	10,187	6,964	6,909	14,672	2,445,487
--	--	14,200	--	--	--
<u>35,252,260</u>	<u>30,621,222</u>	<u>29,586,106</u>	<u>31,225,750</u>	<u>30,853,168</u>	<u>34,484,870</u>
--	--	--	--	--	--
37,036	31,357	41,433	42,734	--	--
56,490	56,732	53,142	41,992	32,489	68,971
7,508	--	--	--	1,141	200
--	--	(14,200)	--	--	--
<u>101,034</u>	<u>88,089</u>	<u>80,375</u>	<u>84,726</u>	<u>33,630</u>	<u>69,171</u>
<u>\$ 35,353,294</u>	<u>\$ 30,709,311</u>	<u>\$ 29,666,481</u>	<u>\$ 31,310,476</u>	<u>\$ 30,886,798</u>	<u>\$ 34,554,041</u>
\$ 9,942,926	\$ (4,516,168)	\$ 7,637,017	\$ 7,214,350	\$ 8,498,829	\$ 9,293,414
(827,674)	(128,776)	243,486	344,352	423,695	6,689,715
<u>\$ 9,115,252</u>	<u>\$ (4,644,944)</u>	<u>\$ 7,880,503</u>	<u>\$ 7,558,702</u>	<u>\$ 8,922,524</u>	<u>\$ 15,983,129</u>

COUNTY OF LAKE

Fund Balances, Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
	2006-2007	2007-2008	2008-2009	2009-2010
General Fund				
Reserved	\$ 5,231,364	\$ 6,326,743	\$ 8,258,876	\$ 7,250,910
Unreserved	18,578,831	20,053,680	20,424,700	23,155,570
Total general fund	<u>\$ 23,810,195</u>	<u>\$ 26,380,423</u>	<u>\$ 28,683,576</u>	<u>\$ 30,406,480</u>
All Other Governmental Funds				
Reserved	8,301,384	5,275,812	15,204,419	12,160,247
Unreserved, reported in				
Special revenue funds	26,648,214	32,778,028	22,695,550	17,425,919
Capital projects funds	7,730,794	6,366,317	(878,517)	3,665,185
Debt service funds	423,001	568,177	715,792	--
Total all other governmental funds	<u>\$ 43,103,393</u>	<u>\$ 44,988,334</u>	<u>\$ 37,737,244</u>	<u>\$ 33,251,351</u>

General Fund
 Nonspendable
 Restricted
 Assigned
 Unassigned
Total general fund

All Other Governmental Funds
 Nonspendable
 Restricted
 Committed
 Assigned
 Unassigned
Total all other governmental funds

¹ GASB Statement No. 54, which became effective in fiscal year 2010-11, requires that fund balance on a prospective basis as either: nonspendable, restricted, committed, assigned, or unassigned.

Source: Basic Financial Statements and Comprehensive Annual Financial Reports - County of Lake, California

Fiscal Year					
2010-2011 ¹	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
\$ 6,916,240	\$ 7,088,602	\$ 6,706,342	\$ 5,885,169	\$ 6,718,908	\$ 6,848,773
--	--	2,015,629	2,026,420	2,033,988	2,042,576
25,647,051	17,126,695	11,109,483	11,165,436	9,512,076	9,961,858
--	8,591,788	11,104,600	11,435,483	12,483,872	8,807,500
<u>\$ 32,563,291</u>	<u>\$ 32,807,085</u>	<u>\$ 30,936,054</u>	<u>\$ 30,512,508</u>	<u>\$ 30,748,844</u>	<u>\$ 27,660,707</u>
\$ 150,791	\$ 630,337	\$ 122,305	\$ 119,531	\$ 135,274	\$ 112,159
41,772,626	43,606,529	52,011,370	54,858,345	57,913,592	59,728,805
28,296	--	--	--	3,911,413	--
4,248,478	2,503,527	1,434,109	725,232	--	4,472,252
(4,870,530)	(124,491)	--	--	--	(10,001)
<u>\$ 41,329,661</u>	<u>\$ 46,615,902</u>	<u>\$ 53,567,784</u>	<u>\$ 55,703,108</u>	<u>\$ 61,960,279</u>	<u>\$ 64,303,215</u>

COUNTY OF LAKE

Changes in Fund Balance, Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
	2006-2007	2007-2008	2008-2009	2009-2010
Revenues				
Taxes	\$ 31,280,675	\$ 32,121,454	\$ 33,579,002	\$ 31,908,945
Licenses, fees and permits	2,486,157	2,475,955	2,439,661	2,339,530
Fines, forfeits and penalties	1,060,425	1,874,388	1,919,549	1,603,104
Use of money and property	3,956,785	3,309,161	1,964,120	1,536,185
Aid from other governments	75,676,696	76,862,863	72,864,304	71,060,080
Charges for services	20,867,976	22,107,287	20,728,894	22,080,881
Miscellaneous	3,258,280	2,631,729	2,431,929	2,200,331
Total revenues	<u>138,586,994</u>	<u>141,382,837</u>	<u>135,927,459</u>	<u>132,729,056</u>
Expenditures				
Current				
General government	11,388,679	13,300,494	13,759,431	12,682,018
Public protection	35,599,219	37,369,778	35,961,703	35,067,956
Public ways and facilities	12,580,650	13,301,673	13,566,794	14,010,963
Health and sanitation	35,366,892	21,913,523	24,489,667	19,629,888
Public assistance	25,184,446	34,304,905	37,865,392	37,562,101
Education	1,392,419	1,335,386	1,283,321	1,201,881
Recreational and cultural studies	866,627	1,048,130	1,230,385	1,245,487
Capital outlay	7,484,256	13,332,021	8,687,735	12,020,157
Debt service:				
Principal	1,551,366	1,864,601	3,201,617	1,789,286
Interest	943,659	874,538	855,514	708,752
Total expenditures	<u>132,358,213</u>	<u>138,645,049</u>	<u>140,901,559</u>	<u>135,918,489</u>
Excess of revenue over (under) expenditures	6,228,781	2,737,788	(4,974,100)	(3,189,433)
Other Financing Sources (Uses)				
Sale of capital assets	--	--	--	--
Issuance of debt	336,707	1,733,604	16,910	435,249
Transfers in	13,596,316	10,623,221	5,835,007	12,540,849
Transfers out	(13,622,316)	(10,646,591)	(5,834,507)	(12,540,849)
Total other financing sources (uses)	<u>310,707</u>	<u>1,710,234</u>	<u>17,410</u>	<u>435,249</u>
Extraordinary item	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	<u>\$ 6,539,488</u>	<u>\$ 4,448,022</u>	<u>\$ (4,956,690)</u>	<u>\$ (2,754,184)</u>
Debt service as a percentage of noncapital expenditures	2.00%	2.19%	3.07%	2.02%

Source: Basic Financial Statements and Comprehensive Annual Financial Reports - County of Lake, California

Fiscal Year					
2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
\$ 32,015,353	\$ 29,700,077	\$ 28,721,507	\$ 30,418,057	\$ 30,115,213	\$ 31,209,399
2,158,435	1,526,890	1,586,157	1,639,524	1,699,666	1,967,941
1,521,854	1,403,169	1,350,796	2,042,188	1,560,248	1,461,986
853,184	889,588	821,702	784,963	713,471	820,051
78,611,207	70,908,303	73,588,236	79,582,404	82,387,655	91,814,841
23,772,486	23,775,821	24,526,056	24,995,147	22,667,699	23,179,918
1,845,524	1,479,837	1,667,602	1,445,443	1,488,712	5,578,606
140,778,043	129,683,685	132,262,056	140,907,726	140,632,664	156,032,742
11,119,073	12,797,285	10,449,689	11,203,454	10,576,814	12,817,996
34,420,143	33,628,059	34,807,737	36,944,048	37,162,182	48,448,648
13,634,029	14,348,741	12,738,425	13,513,470	12,035,859	13,318,893
18,868,614	20,075,903	19,869,322	20,819,573	22,035,206	22,681,757
39,569,238	39,726,870	40,029,613	40,990,894	40,606,732	43,339,158
1,201,233	1,183,787	1,311,071	1,232,850	1,184,220	1,207,732
1,261,247	1,397,606	1,497,568	1,481,271	1,625,202	1,662,321
9,330,350	8,288,210	8,777,884	10,757,313	6,665,572	11,317,456
1,844,738	1,518,663	1,514,425	1,602,478	1,656,857	1,670,480
664,653	1,026,808	579,292	648,112	600,290	555,936
131,913,318	133,991,932	131,575,026	139,193,463	134,148,934	157,020,377
8,864,725	(4,308,247)	687,030	1,714,263	6,483,730	(987,635)
275,688	1,455	2,254	289	9,777	242,434
864,504	4,500,000	--	--	--	--
3,733,489	6,547,693	2,887,464	3,374,574	5,460,257	5,597,742
(3,733,489)	(6,547,693)	(2,867,682)	(3,374,574)	(5,460,257)	(5,597,742)
1,140,192	4,501,455	22,036	289	9,777	242,434
--	5,330,342	--	--	--	--
\$ 10,004,917	\$ 5,523,550	\$ 709,066	\$ 1,714,552	\$ 6,493,507	\$ (745,201)
2.05%	2.02%	1.71%	1.75%	1.77%	1.49%

COUNTY OF LAKE, CALIFORNIA
ASSESSED VALUE OF TAXABLE PROPERTY AND ACTUAL VALUE OF PROPERTY
LAST TEN YEARS

Fiscal Year	Secured	Unsecured	Unitary	Exempt	Total Taxable Assessed Value	Total Direct Tax Rate
2006-2007	5,966,291,269	153,252,765	85,653,680	(237,072,260)	5,968,125,454	1.00000
2007-2008	6,664,955,553	164,470,378	94,113,572	(245,526,816)	6,678,012,687	1.00000
2008-2009	6,924,655,626	195,061,720	121,130,023	(280,850,654)	6,959,996,715	1.00000
2009-2010	6,641,695,302	188,631,595	121,130,023	(289,390,449)	6,662,066,471	1.00000
2010-2011	6,272,928,356	156,777,045	124,016,981	(302,459,343)	6,251,263,039	1.00000
2011-2012	6,485,607,299	154,746,722	133,434,108	(304,283,452)	6,469,504,677	1.00000
2012-2013	6,464,567,588	150,878,760	136,510,915	(297,286,619)	6,454,670,644	1.00000
2013-2014	6,416,886,271	151,069,565	141,146,170	(304,968,452)	6,404,133,554	1.00000
2014-2015	6,386,528,975	153,800,251	144,387,077	(307,826,291)	6,376,890,012	1.00000
2015-2016	6,451,226,402	150,226,780	155,794,317	(313,955,828)	6,443,291,671	1.00000

Souce: Auditor-Controller, Property Tax Division

COUNTY OF LAKE, CALIFORNIA
PROPERTY TAX RATE - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

Fiscal Year	Property Tax Rate Per \$100 of Assessed Value		Distribution of General Levy Property Taxes				
	Low	High	County	Cities	School District	Special District	Total Rate
2006-2007	1.00000	1.07360	26.00	2.36	58.13	13.51	100.00
2007-2008	1.00000	1.04997	26.08	2.38	57.95	13.58	100.00
2008-2009	1.00000	1.10080	26.10	2.41	57.91	13.59	100.00
2009-2010	1.00000	1.10080	26.10	2.41	57.95	13.55	100.00
2010-2011	1.00000	1.10253	26.09	2.37	58.00	13.53	100.00
2011-2012	1.00000	1.11674	26.09	2.35	58.07	13.49	100.00
2012-2013	1.00000	1.09600	26.09	2.32	58.14	13.45	100.00
2013-2014	1.00000	1.09600	26.20	2.33	58.04	13.43	100.00
2014-2015	1.00000	1.09497	26.21	2.31	58.07	13.41	100.00
2015-2016	1.00000	1.13220	26.22	2.30	58.09	13.40	100.00

(1) Rates shown represent a weighted average of the various school district tax rate areas within the County of Lake

Source: Auditor-Controller, Property Tax Division

**COUNTY OF LAKE, CALIFORNIA
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2016 AND JUNE 30, 2007**

June 30, 2016:

Taxpayers	Type of Business	Net Assessed Secured Property Value	Percentage of Total Net Assessed Value	Total Secured Tax Levy Fiscal Year 2015-16	Percentage of Total Secured Tax Levy Fiscal Year 2015-16
Geysers Power Company LLC	Utility	391,783,868	6.00%	4,261,046	5.54%
Pacific Gas & Electric Co.	Utility	126,330,673	1.93%	1,389,067	1.81%
Bottle Rock Power Company	Utility	44,327,831	0.68%	482,045	0.63%
Gallo Vineyards Inc.	Agriculture	33,977,654	0.52%	372,715	0.48%
Brassfield Estate Vineyard	Agriculture	23,829,554	0.36%	261,303	0.34%
Smith M M Trustee	Resort	18,880,086	0.29%	196,753	0.26%
Worldmark	Resort	18,435,874	0.28%	198,565	0.26%
Heart Consciousness Church, Inc	Religious	17,604,489	0.27%	193,104	0.25%
Guenoc Winery Inc.	Agriculture	17,232,524	0.26%	150,655	0.20%
Safeway Inc	Retail	17,178,094	0.26%	199,702	0.26%
Ten Largest Taxpayers		709,580,647	10.87%	7,704,955	10.02%
All Other Taxpayers		5,820,020,658	89.13%	69,219,113	89.98%
Total		6,529,601,305	100.00%	76,924,068	100.00%

June 30, 2007:

Taxpayers	Type of Business	Net Assessed Secured Property Value	Percentage of Total Net Assessed Value	Total Secured Tax Levy Fiscal Year 2006-07	Percentage of Total Secured Tax Levy Fiscal Year 2006-07
Geysers Power Company	Utility	269,194,337	4.62%	2,693,268	4.07%
Pacific Gas & Electric Co.	Utility	62,449,323	1.07%	652,987	0.99%
Worldmark	Resort	16,446,159	0.28%	176,889	0.27%
Pacific Bell Telephone Co.	Utility	12,745,704	0.22%	133,127	0.20%
Smith MM Trustee	Resort	12,584,432	0.22%	127,276	0.19%
Ojai Ranch & Investment	Agriculture	10,298,281	0.18%	107,915	0.16%
Yolo County Flood Control	Utility	9,236,206	0.16%	96,634	0.15%
Wal-Mart Stores Inc.	Retail	9,126,778	0.16%	96,631	0.15%
Beckstoffer Vineyards	Agriculture	8,278,201	0.14%	83,526	0.13%
Lany Lakeport LP	Retail	6,593,014	0.11%	73,265	0.11%
Ten Largest Taxpayers		416,952,435	7.16%	4,241,519	6.41%
All Other Taxpayers		5,408,447,125	92.84%	61,977,195	93.59%
Total		5,825,399,560	100.00%	66,218,714	100.00%

**COUNTY OF LAKE, CALIFORNIA
PROPERTY TAX LEVIES and COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied	Collections within Fiscal Year of Levy		Collections in subsequent years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2006-2007	67,037,971	62,806,616	93.69%	3,133,807	65,940,424	98.36%
2007-2008	75,597,720	69,466,406	91.89%	4,497,542	73,963,948	97.84%
2008-2009	78,438,800	72,875,870	92.91%	4,540,007	77,415,877	98.70%
2009-2010	78,643,345	73,289,493	93.19%	4,287,851	77,577,344	98.64%
2010-2011	77,156,892	72,753,236	94.29%	2,722,747	75,475,983	97.82%
2011-2012	77,881,542	73,379,476	94.22%	1,592,897	74,972,373	96.26%
2012-2013	78,069,672	73,455,051	94.09%	1,737,894	75,192,945	96.32%
2013-2014	77,086,454	72,682,389	94.29%	413,300	73,095,689	94.82%
2014-2015	76,839,060	72,528,799	94.39%	1,006,464	73,535,263	95.70%
2015-2016	76,548,437	72,097,230	94.19%	376,391	72,473,621	94.68%

Source: Auditor-Controller

**COUNTY OF LAKE, CALIFORNIA
GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS**

Sales Tax

Fiscal Year	Local	In-Lieu	Public Safety	Motor Vehicle In- Lieu Taxes	Property Tax	Total	Annual Report Tax & Assmt
2006-2007	2,254,325	638,927	2,983,376	5,853,064	17,677,555	29,407,247	26,423,871
2007-2008	2,121,469	873,494	2,823,313	6,529,221	17,818,856	30,166,353	27,343,040
2008-2009	2,151,152	622,269	2,555,488	6,763,765	18,774,227	30,866,901	28,311,413
2009-2010	1,610,599	727,854	2,461,997	6,766,796	18,260,290	29,827,536	27,365,539
2010-2011	1,790,652	394,926	2,482,403	6,667,341	18,081,302	29,416,624	26,934,221
2011-2012	1,835,086	645,430	2,574,800	6,578,037	15,633,257	27,266,610	24,691,810
2012-2013	2,056,878	701,342	2,803,027	6,551,325	16,036,647	28,149,219	25,346,192
2013-2014	1,998,735	712,778	2,837,615	6,639,896	17,801,600	29,990,625	27,153,009
2014-2015	2,011,624	656,771	2,992,627	6,499,495	17,688,673	29,849,191	26,856,564
2015-2016	2,439,152	566,514	2,821,198	6,557,728	18,751,066	31,135,659	28,314,460

Source: Auditor-Controller

**COUNTY OF LAKE, CALIFORNIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Years	Governmental Activities				
	General Obligation Bonds	Special Assessment Bonds	Loans Payable	Revenue Bonds	Certificates of Participation
2006/2007	953,000	2,160,000	16,580,883		2,806,495
2007/2008	824,000	1,781,000	16,992,568		2,773,196
2008/2009	691,000	1,370,000	14,373,404		2,738,496
2009/2010	550,000	927,000	13,656,377		2,702,396
2010/2011	405,000	451,000	13,334,843		2,664,296
2011/2012	253,000	404,000	12,056,511	4,500,000	2,625,396
2012/2013	144,000	3,586,000	10,740,086	4,500,000	2,584,396
2013/2014	75,000	304,000	9,386,407	4,415,000	2,541,596
2014/2015	-	249,000	7,994,151	4,325,000	2,496,996
2015/2016	-	192,000	6,517,069	4,235,000	2,450,596

Governmental Activities				
Capital Lease Payable	Total	Total Primary Government	Percentage of Personal Income	Per Capita
5,675	22,506,053	22,506,053	0.12%	350
3,755	22,374,519	22,374,519	0.11%	349
16,910	19,189,810	19,189,810	0.92%	300
-	17,835,773	17,835,773	0.85%	278
-	16,855,139	16,855,139	0.79%	260
-	19,838,907	19,838,907	1.12%	314
-	21,554,482	21,554,482	1.19%	284
-	16,722,003	16,722,003	0.86%	258
-	15,065,147	15,065,147	n/a	232
-	13,394,665	13,394,665	n/a	208

**COUNTY OF LAKE, CALIFORNIA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Years	General Bonded Debt Outstanding			Percentage of Personal Income	Percentage of Total Taxable Assessed Value	Per Capita
	General	Special	Total			
	Obligation Bonds	Assessment Bonds				
2006/2007	953,000	2,160,000	3,113,000	0.16%	0.05%	49
2007/2008	824,000	1,781,000	2,605,000	0.12%	0.04%	41
2008/2009	691,000	1,370,000	2,061,000	0.10%	0.03%	32
2009/2010	550,000	927,000	1,477,000	0.07%	0.02%	23
2010/2011	405,000	451,000	856,000	0.04%	0.01%	13
2011/2012	253,000	404,000	657,000	0.04%	0.01%	10
2012/2013	144,000	356,000	500,000	0.03%	0.01%	8
2013/2014	75,000	304,000	379,000	0.02%	0.01%	6
2014/2015	-	249,000	249,000	0.01%	0.00%	4
2015/2016	-	192,000	192,000	n/a	0.00%	3

COUNTY OF LAKE, CALIFORNIA
LEGAL DEBT MARGIN INFORMATION FOR LAST TEN FISCAL YEARS ENDING JUNE 30, 2016

	2007	2008	2009	2010
Total assessed value of all real and personal property	<u>\$ 6,205,197,714</u>	<u>\$ 6,923,539,503</u>	<u>\$ 7,240,847,369</u>	<u>\$ 6,951,456,920</u>
Debt limit percentage	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>	<u>1.25%</u>
Debt Limit	\$ 77,564,971	\$ 86,544,244	\$ 90,510,592	\$ 86,893,212
Total net debt applicable to limit	<u>3,113,000</u>	<u>2,605,000</u>	<u>2,061,000</u>	<u>1,477,000</u>
Legal debt margin	<u>\$ 74,451,971</u>	<u>\$ 83,939,244</u>	<u>\$ 88,449,592</u>	<u>\$ 85,416,212</u>
Total net debt applicable to the limit as a percentage of debt limit	4.01%	3.01%	2.28%	1.70%

2011	2012	2013	2014	2015	2016
<hr/>					
\$ 6,553,722,382	\$ 6,773,788,129	\$ 6,751,957,263	\$ 6,709,102,006	\$ 6,684,716,303	\$ 6,757,247,499
<hr/>					
1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
<hr/>					
\$ 81,921,530	\$ 84,672,352	\$ 84,399,466	\$ 83,863,775	\$ 83,558,954	\$ 84,465,594
<hr/>					
856,000	657,000	500,000	379,000	249,000	192,000
<hr/>					
\$ 81,065,530	\$ 84,015,352	\$ 83,899,466	\$ 83,484,775	\$ 83,309,954	\$ 84,273,594
<hr/>					
1.04%	0.78%	0.59%	0.45%	0.30%	0.23%

**COUNTY OF LAKE, CALIFORNIA
DEMOGRAPHIC AND ECONOMIC INDICATORS
LAST TEN FISCAL YEARS**

(1) Year	(2) Population	(3) Personal Income	(3) Per Capita Personal Income	(4) School Enrollment	(5) Unemployment Rate
2007	64,276	1,939,920,000	30,077	9,192	6.7%
2008	64,059	2,089,364,000	32,099	9,804	9.7%
2009	64,025	2,080,699,000	31,874	9,663	14.7%
2010	64,053	2,107,287,000	32,543	8,857	15.8%
2011	64,784	2,146,801,000	33,375	8,734	16.0%
2012	63,266	1,768,039,281	46,477	9,223	13.7%
2013	64,531	1,817,010,275	47,401	9,145	11.9%
2014	64,699	1,939,527,656	49,985	9,016	9.1%
2015	64,918	2,061,337,141	52,651	9,165	7.6%
2016	64,306	N/A	N/A	9,230	6.7%

Detail of estimated population, as of January 1, 2016

Incorporated Cities:

Clearlake	15,468
Lakeport	4,765
Total Incorporated	20,233
Unincorporated	44,073
Total Population	64,306

Notes:

(1) Calendar year

Sources:

- (2) California Department of Finance, Demographic Research Unit as of January 1
- (3) U.S. Department of Commerce, Bureau of Economic Analysis
- (4) California Department of Education
- (5) Employment Development Department, Labor Market Information Division as of June 30

**COUNTY OF LAKE
PRINCIPAL EMPLOYERS**

	Fiscal Year 2015/2016			Fiscal Year 2006/2007		
	Permanent Employees	Rank	Percentage of Total County Employment	Permanent Employees	Rank	Percentage of Total County Employment
<u>Top 10</u>						
County of Lake	841	1	14.72%	850	2	12.47%
Konocti Unified School District	403	2	7.05%	1,450	1	21.26%
St. Helena Hospital Clearlake	368	3	6.44%	320	4	4.69%
Sutter Lakeside Hospital	358	4	6.26%	472	3	6.92%
Robinson Rancheria Resort & Casino	327	5	5.72%	300	5	4.40%
Kelseyville Unified School District	228	6	3.99%	-	-	0.00%
Calpine Corp.	280	7	4.90%	200	10	2.93%
Twin Pine Casino	278	8	4.86%	236	8	3.46%
Wal-Mart	258	9	4.51%	262	6	3.84%
Middletown Unified School District	190	10	3.32%			
Konocti Vista Casino Resort	-		0.00%	220	9	3.23%
Konocti Harbor Resort & Spa	-		0.00%	250	7	3.67%
Total-Top 10	3,531		61.78%	4,560		66.87%

Source: Lake County Marketing Department as of 10/28/16

**COUNTY OF LAKE
COUNTY EMPLOYEES BY FUNCTION/PROGRAM**

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Air Quality	5.000	5.000	5.000	5.000	5.000
Economic Development	4.800	5.800	5.800	5.800	4.300
Flood Control	6.000	5.000	5.000	5.000	6.000
General Government	113.700	118.050	120.450	117.350	111.950
Health Services	162.600	152.750	152.300	124.050	122.300
Public Assistance	190.000	204.000	198.000	197.500	219.500
Public Protection	379.050	371.250	362.750	357.150	348.200
Public Ways	34.000	34.000	34.000	33.000	33.000
Recreation, Culture and Education	23.450	25.700	25.700	23.700	23.700
Solid Waste	18.000	19.000	18.800	19.000	15.000
Water/Wastewater Utility	41.000	41.000	41.000	42.000	43.000
	977.600	981.550	968.800	929.550	931.950

Notes:

Allocated positions on July 1 of each fiscal year.

Full time equivalent, permanent positions only, split department employee shown in home department.

Source:

Final Budget Book

2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
5.000	5.000	4.600	4.600	4.600
4.800	2.800	1.800	0.000	0.000
6.000	5.750	6.750	7.750	7.750
108.950	112.200	109.300	108.800	108.800
121.900	124.400	139.900	143.900	142.300
210.000	217.000	231.750	245.000	276.000
333.650	331.250	338.050	339.550	345.550
33.000	33.000	34.000	34.000	34.000
23.700	23.700	22.700	22.700	23.750
14.000	14.000	13.800	14.000	14.000
42.000	42.000	45.000	45.000	45.000
903.000	911.100	947.650	965.300	1001.750

**COUNTY OF LAKE
OPERATING INDICATORS BY DEPARTMENT/FUNCTION
LAST TEN FISCAL YEARS**

Department/Function	2007	2008	2009	2010	2011
Assessor					
Total number of assessment roll units:					
Secured	62,820	63,094	63,154	63,154	63,141
Unsecured	8,253	8,266	7,898	7,898	7,792
Community Development					
Building permits issued	1,556	1,209	936	976	818
Building inspections conducted	7,778	6,888	4,734	3,336	2,632

Source: Community Development Department

County Clerk/Auditor-Controller

Certified copies of confidential marriage licenses	12	11	18	15	16
Confidential marriage licenses	5	4	7	8	3
Deputy commissioner for a day	24	22	37	46	36
Fictitious business name statements	601	923	513	516	552
Legal document assistant filings	0	2	0	1	3
Marriage ceremonies performed	114	99	89	87	78
Notary public filings	63	47	40	41	41
Process server filings	7	5	6	9	8
Public marriage licenses	307	285	299	274	253
Unlawful detainer assistant filings	1	0	1	0	0

All figures are based on a fiscal year calculation. The information provided is as of 06/30/16.
The County Clerk's office is the primary source for information gathered

District Attorney

Filed Infractions	299	122	41	26	47
Filed felonies	758	713	761	739	883
Filed misdemeanors	2,166	2,169	2,404	2,135	2,024
Number of cases received	4,695	4,083	4,687	4,317	4,508
Total # of cases filed	3,223	3,004	3,206	2,900	2,954

All figures are based on a calender year calculation. The information provided is as of 12/31/15.
The District Attorney's office is the primary source for information gathered.

Probation

# of Adults Supervised	825	742	713	848	890
# of Juveniles Supervised	381	220	210	116	111
# of Informal Juvenile Cases	27	67	188	19	21
Avg Juvenile Hall population	39	32	22	15	12
# of Adult Reports	928	966	848	736	740
# of Juvenile Reports	568	322	395	215	210
Civil Reports	n/a	n/a	n/a	n/a	n/a

All figures are based on a calender year calculation. The information provided is as of 12/31/15.
The Probation office is the primary source for information gathered

2012	2013	2014	2015	2016
63,093	63,082	63,079	63,042	63,002
7,454	7,155	7,330	7,440	7,489
855	737	691	826	2,004
2,681	1,311	2,922	2,753	3,562
14	14	36	15	20
6	4	14	7	10
47	40	36	38	25
542	467	508	462	496
2	3	1	2	2
82	88	112	83	80
32	35	42	38	47
11	3	8	5	8
252	278	299	258	268
2	1	1	1	1
53	17	15	38	n/a
868	1,000	1,006	808	n/a
1,797	1,630	2,165	1,972	n/a
4,754	5,308	5,553	5,374	n/a
2,718	2,647	3,186	2,818	n/a
1,050	1,337	1186	1,568	n/a
217	169	121	108	n/a
160	83	185	194	n/a
20	20	14.25	8.91	n/a
1,028	1,109	909	801	n/a
338	356	226	263	n/a
0	0	0	0	n/a

**COUNTY OF LAKE
OPERATING INDICATORS BY DEPARTMENT/FUNCTION
LAST TEN FISCAL YEARS**

Department/Function	2007	2008	2009	2010	2011
Public Services					
Parks & Rec					
Acreage	244	244	244	1,788	1,788
Playgrounds	8	12	12	12	12
Baseball/Softball Fields	4	4	4	4	4
Soccer/Football Fields	n/a	n/a	n/a	n/a	n/a
Tennis Courts	3	2	2	2	2
Public Pools	1	1	1	1	1
Community Centers	n/a	n/a	n/a	n/a	n/a
Veterans Buildings	1	1	1	1	1
Day use & camping parks	23	23	23	24	24
Open space areas (County Developed)	1	1	1	1	1
Outdoor event centers (i.e. Fairgrounds, etc)	n/a	n/a	n/a	n/a	n/a
Solid Waste					
Waste recycled (tons per month)	2,585	3,000	3,000	3,000	3,000
Landfill waste disposal (tons per month)	4,439	4,250	4,150	4,052	3,400
Museums					
# of museums	2	2	2	2	2

Data is as of December 31 of each fiscal year.
Source: Lake County Public Services Department

Library					
* Volumes in Collection	133,132	139,697	145,655	146,052	146,772
*Volumes Borrowed	179,696	201,072	223,268	247,510	246,948

All figures are based on a fiscal year calculation. The information provided is as of 06/30/16.
*The information provided by the Library is from an automation system that belongs to Sonoma County Library and is printed

Public Works					
Streets (miles)	613	613	612	612	612
Streetlights	7	7	7	7	19
Traffic Signals	3	3	3	3	7
Seawalls	6		6	6	6
Bridges	113	113	113	118	118
Roads heavy equipment	64	54	54	52	48
Airport	1	1	1	1	1

All figures are based on a fiscal year calculation. The information provided is as of 06/30/16.
The Public Works office is the primary source for information gathered

2012	2013	2014	2015	2016
------	------	------	------	------

1,790	1,790	1,790	1,790	1,790
12	12	12	12	12
4	4	4	4	4
n/a	n/a	n/a	n/a	n/a
2	2	2	2	2
1	1	1	1	1
n/a	n/a	1	1	1
1	1	1	1	1
25	25	25	25	25
1	1	1	1	1
n/a	n/a	n/a	n/a	n/a

2,240	2,184	2,378	2,067	2,116
2,475	4,681	5,064	5,012	17,834

2	2	3	4	4
---	---	---	---	---

146,590	144,937	147,760	150,409	148,671
163,907	122,611	119,226	112,396	101,859

ted from their circulation figures

616	616	615.58	615.58	615.58
19	19	19	19	21
7	7	7	7	7
6	6	6	6	6
118	122	122	122	131
48	47	47	47	48
1	1	1	1	1

**COUNTY OF LAKE
OPERATING INDICATORS BY DEPARTMENT/FUNCTION
LAST TEN FISCAL YEARS**

Department/Function	2007	2008	2009	2010	2011
Sheriffs Department					
Stations	2	2	2	3	3
Jail & Detention Facilities	1	1	1	1	1
Cases Written	5,143	4,736	5,615	5,895	5,352
Dispatch Calls	46,403	50,261	52,990	51,240	53,137
Citations issued	469	489	608	501	514
Avg. Daily inmate population	282	244	224	227	212

All figures are based on a fiscal year calculation. The information provided is as of 06/30/16.
The Sheriff's Office is the primary source for information gathered

Special Districts

Water

Water Mains (miles)	85	86	86	148	148
Pump Stations	21	21	21	21	21
Fire Hydrants	268	268	268	450	454
Storage Capacity (thous. of gallons)	3,902	3,902	3,912	3,902	3,902
Wells	15	15	15	19	20
Meters	4,149	4,263	4,283	4,330	4,330
Treatment Facilities	18	18	18	18	18

Wastewater

Collection System (mi)	312	316	316	316	316
Force Mains (mi)	38	38	38	92	92
Lift Stations	66	66	66	67	67
Capacity (AWWF-Mgal/day)	22	22	22	22	22
Manholes	3,939	3,939	3,939	3,940	3,940
Treatment Facilities	4	4	4	4	4

All figures are based on a fiscal year calculation. The information provided is as of 06/30/16.
Lake County Special Districts is the primary source for information gathered

2012	2013	2014	2015	2016
4	5	4	4	4
1	1	1	1	1
5,394	5,038	5,421	5,327	4,989
58,868	54,408	56,539	54,930	69,136
346	422	453	529	450
264	308	333	308	268
148	148	148	148	148
21	21	21	21	21
454	454	454	454	451
3,902	4,002	4,062	4,062	4,062
22	22	22	23	22
4,330	4,330	4,330	4,331	4,181
18	18	18	18	18
316	316	316	316	316
92	97	97	97	97
67	67	67	67	67
22	22	22	22	22
3,940	3,941	3,941	3,941	3,941
4	4	4	4	4